

# THE DEPARTMENT OF STATE BULLETIN

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## *In this issue*

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# THE DEPARTMENT OF STATE BULLETIN

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# International Civil Aviation Conference

## First Plenary Session

### PRESIDENT ROOSEVELT'S MESSAGE TO THE DELEGATES<sup>1</sup>

On behalf of the United States, I offer a hearty welcome to the delegations of the 51 nations represented at this International Conference on Civil Aviation. You were called to undertake a task of the highest importance. I am very sure that you will succeed.

The progress of the armies, navies, and air forces of the United Nations has already opened great areas to peaceful intercourse which had been closed for more than four black years. We can soberly hope that all Europe will be reclaimed for civilization before many months have passed.

Steadily the great areas of the Pacific are likewise being freed from Japanese occupation. In due time, the Continent of Asia will be opened again to the friendly intercourse of the world.

The rebuilding of peace means reopening the lines of communication and peaceful relationship. Air transport will be the first available means by which we can start to heal the wounds of war and put the world once more on a peacetime basis.

You will recall that after the first World War a conference was held and a convention adopted designed to open Europe to air traffic; but under the arrangements then made years of discussion were needed before air routes could actually be flown. At that time, however, air commerce was in its infancy. Now it has reached maturity and is a pressing necessity.

I do not believe that the world of today can afford to wait several years for its air communications. There is no reason why it should.

Increasingly, the airplanes will be in existence. When either the German or the Japanese enemy is defeated, transport planes should be available for release from military work in numbers sufficient to make a beginning. When both enemies have been defeated, they should be available in quantity.

Every country has airports and trained pilots; and practically every country knows how to organize airlines.

It would be a reflection on the common sense of nations if they were not able to make arrangements, at least on a provisional basis, making possible the opening of the much-needed air routes. I hope, when your Conference adjourns, that these arrangements will have been made. Then, all that will be needed will be to start using the air as a great, peaceful medium, instead of a battle area.

You are fortunate in having before you one of the great lessons of history. Some centuries ago, an attempt was made to build great empires based on domination of great sea areas. The lords of these areas tried to close these seas to some and to offer access to others, and thereby to enrich themselves and extend their power. This led directly to a number of wars both in the Eastern and the Western Hemispheres. We do not need to make that mistake again. I hope you will not dally with the thought of creating great blocs of closed air, thereby tracing in the sky the conditions of possible future wars. I know you will see to it that the air which God gave to everyone shall not become the means of domination over anyone.

As we begin to write a new chapter in the fundamental law of the air, let us all remember that we are engaged in a great attempt to build enduring institutions of peace. These peace settlements cannot be endangered by petty considerations, or weakened by groundless fears. Rather, with full recognition of the sovereignty and juridical equality of all nations, let us work together so that the air may be used by humanity, to serve humanity.

<sup>1</sup> Read by Assistant Secretary Berle to the delegates at Chicago on Nov. 1, 1944.



ADDRESS BY ASSISTANT SECRETARY BERLE<sup>1</sup>

[Released to the press by the Conference November 1]

The International Conference on Civil Aviation is declared open.

In the name of the United States, let me extend a cordial welcome to the delegations from the 51 countries who are assembled here today.

We are met in a high resolve that ways and means may be found, and rules may be evolved, which shall permit the healing processes of peace to begin their work as rapidly as the interruptions resulting from aggressive war can be cleared away.

Few of our countries have escaped grief and agony, and many are sore with honorable wounds in a common struggle. All of us know that the pain can be alleviated and the wounds healed only by common action in reestablishing peaceful life.

There are many tasks which our countries have to do together. In none have they a clearer and plainer common interest than in the work of making the air serviceable to mankind. God gave the air to everyone; every nation in the world has access to it. To each nation there is now available a means of friendly intercourse with all the world, provided a working basis for that intercourse can be found and maintained.

It is our task to find this working basis and thereby to open the highways of friendship, of commerce, and of thought.

The United States counts it a high privilege to be host to a conference called for that purpose.

The world has learned to take seriously the scientific developments which enlarge the scope of national and international life. The lesson has been long in the learning. At the close of the Napoleonic wars, there was convened the Congress of Vienna, famous in diplomatic history. But while it met, men then obscure were working in shops to develop the use of steam. Today, more than a century later, who will say that Watt in Scotland, Trevithick in England, Woolf in Cornwall, Fulton in the United States, Cugnot in France, and their later followers, did not do more to change the face of the world with their steamships and railroads than did all the diplomats and ministers at Vienna in 1815?

Even as late as 1919 it was the opinion of the powers assembled at Paris—the United States among them—that aerial navigation was not a subject pertaining to the peace conference.

This time we shall not make that mistake.

The air has been used as an instrument of aggression. It is now being made a highway of liberation. It is our opportunity to make it hereafter a servant of peoples.

In bidding you welcome, let our labors be lighted by vision, and made fruitful by insight.

## Second Plenary Session

ADDRESS BY ASSISTANT SECRETARY BERLE<sup>2</sup>

[Released to the press by the Conference November 2]

On behalf of the American Delegation, I set forth the position of the Government of the United States.

## I

The use of the air has this in common with the use of the sea: it is a highway given by nature to all men. It differs in this from the sea: that it is subject to the sovereignty of the nations over which it moves. Nations ought, therefore, to arrange among themselves for its use in that manner which

will be of the greatest benefit to all humanity, wherever situated.

The United States believes in and asserts the rule that each country has a right to maintain sovereignty of the air which is over its lands and its territorial waters. There can be no question of alienating or qualifying this sovereignty.

Consistent with sovereignty, nations ought to subscribe to those rules of friendly intercourse which shall operate between friendly states in time of peace to the end that air navigation shall be encouraged, and that communication and commerce may be fostered between all peaceful states.

It is the position of the United States that this obligation rests upon nations because nations have a natural right to communicate and trade with each

<sup>1</sup> Delivered at Chicago on Nov. 1, 1944. Mr. Berle is chairman of the American Delegation and temporary president of the Conference.

<sup>2</sup> Delivered Nov. 2, 1944.



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other in times of peace; and friendly nations do not have a right to burden or prevent this intercourse by discriminatory measures.

In this respect, there is a similarity between intercourse by air and intercourse by sea; for, as is well known, intercourse by sea between friendly nations in times of peace often requires the passage of ships through the waters of other countries so that voyages may be directly and safely made.

At sea, the custom of friendly permission for such transit has, after centuries, ripened into the right of innocent passage, but its beginning was in the customary permissions granted by friendly nations to each other.

It is the view of my Government that, in the matter of passage through the air, we are in a stage in which there should be developed established and settled customs of friendly permission as between friendly nations. Indeed, failure to establish such customs would burden many countries and would actually jeopardize the situation of most of the smaller nations of the world, especially those without seacoasts. For, if the custom of friends did not permit friendly communication and commerce and intercourse through the air, these countries could at any time, or at all times, be subjected, even in peace, to an air blockade.

Clearly this privilege of friendly passage accorded by nations can only be availed of or expected by nations which themselves are prepared to accord like privileges and permissions.

It is, therefore, the view of the United States that, without prejudice to full rights of sovereignty, we should work upon the basis of the exchange of needed privileges and permissions which friendly nations have a right to expect from each other.

## II

No greater tragedy could befall the world than to repeat in the air the grim and bloody history which tormented the world some centuries ago when the denial of equal opportunity for intercourse made the sea a battleground instead of a highway.

You will recall that for a time nations forgot the famous Roman observation that the law was lord of the sea, and endeavored to establish great closed zones, from which they attempted to exclude all intercourse except through their own ships, or to place any other nation permitted to enter these zones at a discriminatory disadvantage. At various times there were included in these zones

a great part of the north Atlantic and the North Sea; the waters lying between North and South America which today we call the Caribbean and the Gulf of Mexico, together with much of the middle Atlantic; the Mediterranean; and great parts of the western Pacific and the waters surrounding the East Indies. These zones became fertile breeding grounds for commercial monopolies, which sought to levy tribute on the commerce of the world or to exclude or discriminate against the trade of other nations. Political complications followed which set neighbor against neighbor and friend against friend. War after war resulted from the attempts of bold pioneers, supported by extreme nationalist policy, to claim and exercise these special privileges. One result of one such controversy was the emergence of a young Dutch lawyer, by name Hugo Grotius, who, in a controversy over a Dutch ship, undertook to argue the case for the right of friendly intercourse, in a book addressed to the free and independent peoples of Christendom, and thereby began the long march of history toward the law of freedom of the sea in time of peace.

It is true that there are differences between closed zones upon the sea and closed zones in the air, arising from sovereign rights of nations affecting the air above them which they do not have in the open sea. Yet the dangers from closed air, where it lies across established or logical routes of commerce, are not dissimilar from the dangers which arose through the closing of the sea lanes. Indeed the base from which Grotius argued was not different from the base of our contention today, namely, that friendly nations in time of peace have the right to have intercourse each with the other, and, in friendliness, should make this intercourse possible to others.

Perhaps no greater misfortune could befall the world than to set up a scheme of things by which new, shadowy barriers are traced in the air, marking out for the future huge invisible frontiers, certain to become high future battlelines.

The United States accordingly will propose that there shall be an exchange of the needed privileges of intercourse between friendly nations, and that, in such exchanges, no exclusion or discrimination shall exist.

## III

The privilege of communication by air with friendly countries, in the view of this Government,

is not a right to wander at will throughout the world. In this respect traffic by air differs materially from traffic by sea, where commerce need have no direct connection with the country from which the ship may come. In air commerce, there appears at present to be little place for tramp trade.

In point of fact, the great air routes are not as yet sources of profit to the carriers, or indeed to nations fostering them, but rather have been developed at large expense by subsidies and other assistance. It would seem neither equitable nor just that routes so developed should be claimed by other countries not for the purpose of maintaining their own communications but merely for the purpose of speculating in the possible profits of a commerce worked up by others among themselves. In this respect the air routes of the world are more like railroad lines than like free shipping; and, indeed, the right of air intercourse is primarily a right to connect the country in which the line starts with other countries, from which, to which, or through which there flows a normal stream of traffic to and from the country which establishes the line.

These problems may well be left for later conferences. It is probably best not to try to see too far into the unknowable future. The business we have in hand now is the business of establishing the means by which communications can be established between each country and another, by reasonably direct economic routes, with reasonably convenient landing points connecting the chief basins of traffic. So far as this country is concerned, the United States has made public the routes which it will endeavor to obtain by the friendly exchange of permissions of transit and landing between it and the countries concerned. It is prepared to discuss like permissions with other countries seeking intercourse with the United States, and it hopes that similar agreements may be worked out between the other countries here present to take care of their own needs for communication.

In respect of establishment of routes which do not affect the United States, this Government disclaims any desire to intervene; and it does not believe that countries not interested in the routes sought by the United States will wish to intervene.

Rather, by common counsel, we should work out the general form of the friendly permissions here

to be exchanged on a provisional basis and then avail ourselves of the opportunity here presented to bring together all the countries interested in any route which may be proposed at this time for the purpose of reaching, now, the relevant arrangements.

As the United States conceives it, this will be the work of the Committee on Provisional Routes. If its work is well done, I hope that we shall be able at the close of the Conference to report a great number of agreements between the interested countries, which, taken together, shall thus establish a provisional-route pattern capable of serving the immediate needs of the world and ready to be put in effect where and when the military interruptions of war shall have ceased.

Thus handled, no existing route or rights will be prejudiced or need come into discussion. The desire of any nation to obtain routes in the future, which it may not presently be able to use, will not be foreclosed. The pressing necessities of the situation will be taken care of, and the customs and practices will have ample room in which to grow as experience makes us wiser.

#### IV

There is, in the view of the United States, a basis for attempting now, in addition to the route agreements proposed, an air-navigation agreement which shall modernize and make effective the rules of aerial navigation.

This task was attempted in Paris in 1910 without success, was carried forward with more success by the drafting of the Paris Convention of 1919.<sup>1</sup> Another effort was made in the Habana Convention of 1928,<sup>2</sup> and there were other agreements, among which must be cited the Warsaw Convention.

Yet the fierce developments compelled by five years of war have vastly changed and advanced the art of aviation, and at the same time have vastly increased the division between military aviation and civil air transport. According to experts, it is not possible to convert a peaceful transport plane into an effective instrument of war despite wide-spread popular misconception to the contrary; and it is very nearly impossible to convert a warplane into an economically available instrument of commerce. Twenty-five years of ex-

<sup>1</sup> Department of State publication 2143.

<sup>2</sup> Treaty Series 840.

perience since the Paris Convention have taught us many things about the needs of travel and commerce by air. It is the hope that we shall here be able to agree upon a draft of an air-navigation convention.

The customs affecting friendly intercourse in the air between nations, giving effect to the natural right of communication, have been far developed. So far as possible, it is hoped that they can be embodied in a document which will set out in these respects the fundamental law of the air.

Should this prove impossible, the Government of the United States believes that in any case we shall be able to agree upon a number of guiding principles which may serve, at least in part, as terms of reference and instructions for an interim drafting committee which can complete the work, should we be unable to finish it here, and submit the result for ratification by all nations.

This task is a challenge to a noble piece of work. To the extent that intercourse by air can be brought within accepted rules of orderly development, we shall have removed great areas of controversy from future generations. If we are successful, we shall have rendered a real service to mankind.

## V

Intimately connected with the problem of routes and that of rules of the air is the problem of international organization, designed to make more effective that friendly cooperation which is essential if airplanes are not to be locked within their national borders.

The preparatory conversations for this Conference have revealed two schools of thought on this subject, both of which are entitled to be examined with respect.

All agree that an effective form of world organization for air purposes is necessary. This does not exclude regional organizations having primary interest in the problems of their particular areas; but no regional organization or group of regional organizations can effectively deal with the new problems resulting from interoceanic and intercontinental flying. This development, tentatively begun before the outbreak of the present World War, has now achieved a vast development, so that planes span oceans and continents on regular schedule with less difficulty than was involved in crossing the English Channel a few years ago.

The problems resulting from this development fall roughly into two great categories: The commercial and economic problems occasioned by competition between different transit lines and streams of commerce, private or governmental; and the technical problems involved in establishing a system of air routes so handled and so standardized that planes may safely fly from any point in the world to any other point in the world under reasonably uniform standards of practice and regulation. Of this last, a separate word will be said later.

But while there is general agreement on the need of organization, there is difference as to the extent of powers to be accorded a world authority or commission such as has been forecast.

It is generally agreed that, in the purely technical field, a considerable measure of power can be exercised by, and indeed must be granted to, a world body. In these matters, there are few international controversies which are not susceptible of ready solution through the counsel of experts. For example, it is essential that the signal arrangements and landing practice at the Chicago airport for an intercontinental plane shall be so similar to the landing practice at Croydon or Le Bourget or Prague or Cairo or Chungking that a plane arriving at any of these points, whatever its country of origin, will be able to recognize established and uniform signals and to proceed securely according to settled practice.

A number of other technical fields can thus be covered, and, happily, here we are in a field in which science and technical practice provide common ground for everyone.

Some brave spirits have proposed that like powers be granted to an international body in the economic and commercial fields as well. One cannot but respect the boldness of this conception and the brilliance and sincerity with which it has been urged. But—and this, to the Government of the United States, is the cardinal difficulty—there has not as yet been seriously proposed, let alone generally accepted, any set of rules or principles of law by which these powers would be guided. Thus it is proposed that an international body should allocate routes and divide traffic, but a great silence prevails when it is asked on what basis shall routes be allocated or traffic divided, or even, what is "equitable" in these matters. Shall an international body be authorized



The press release of October 30 listing the members of the Secretariat for the International Civil Aviation Conference at Chicago was printed in the BULLETIN of October 29, 1944, page 499.

to say, "We do not like Lusitania at present; therefore we deny her carriers routes; we favor for the moment the aspirations of Shangri-la; therefore we give her license to fly"? Shall it be empowered to say, "We wish to preserve a Scythian route from competition, and accordingly divide traffic so that Numidia shall have little or none"? Shall the first flying line in the field be protected against newcomers, or shall there be a policy of fostering newcomers to the end that aviation may be encouraged? Shall the members of such a board represent their national interest, or shall they be denationalized, uncontrolled arbiters? On the political side, can any nation delegate at this time, in the absence of such established law, the power to any international group to say, "You are entitled to access to the air; but we deny it to your neighbor"? Under these circumstances, imprecise formulae mean in reality arbitrary power, or petty deals to exclude competitors where one can and to divide traffic and profits where one must.

For this reason, the opposite school of thought, which is shared by the United States, believes that international organization at this time in economic and political fields must be primarily consultative, fact-gathering, and fact-finding, with power to bring together the interested states when friction develops; with power to suggest to the countries possible measures as problems existing and unforeseen come up; and designed to set up a system of periodic conferences which may lay out and agree upon and continuously develop the necessary rules as experience and prudence shall indicate their possibility and gathering custom shall make them feasible.

After a reasonable period of experience, and the development of ever-growing areas of agreement through processes of consultation and mutual agreement, we may then reexamine the possibilities of entrusting such an organization with such added powers as experience may have shown wise, and as prudence and well-being may dictate.

No one in the English-speaking world is unfamiliar with the real and poignant hopes which lie behind the position of our friends from New Zealand and from Canada, who have been most active in propounding the doctrine of an organization with power as a solution. Most of us are familiar with the hopes expressed by the great, imaginative English writer, Mr. H. G. Wells, that an aerial-transport board might come to regulate the airways of the world untrammelled by these blundering things called government, and thereby minimize the danger of struggles like that through which we are now passing. All of us have read the brief, disguised as a piece of brilliant fiction, by Mr. Rudyard Kipling called *With the Night Mail* in which, under cover of a description of an airship crossing the Atlantic in a heavy storm, he developed his theory of an aerial-transport authority, regulating the affairs of the world. Many of us are not too old to remember that it was Alfred Lord Tennyson who connected the hope of a lasting world federation for peace with the coming of air commerce, in passionate lines showing the wonders of the world yet to come which he never saw but part of which have proved marvelously and terribly true:

Saw the heavens fill with commerce, argosies of magic  
sails,  
Pilots of the purple twilight, dropping down with  
costly bales;  
Heard the heavens fill with shouting, and there rain'd  
a ghastly dew  
From the nations' airy navies grappling in the central  
blue. . . .  
Till the war drum throbbed no longer and the battle  
flags were furled  
In the Parliament of Man, the Federation of the  
world.

I would not willingly close any door to the ultimate realization of that splendid dream, and I believe that, painfully and point by point, we are perhaps beginning to approach an era in which it may be realized. But it would be neither statesmanship nor practical to pretend that that situation has presently arrived. It would be unworthy not to go as far, at present, as we can. But the process must be one of evolution, for world peace must be world law and not world dictatorship. You solve no problem of peace merely by delegation of naked power.

For that reason, the United States will support an international organization in the realm of air commerce having power in technical matters and

having consultative functions in economic matters and the political questions which may be directly connected with them under a plan by which continuing and collected experience, widening custom, and the growing maturity of its counsel may establish such added base as circumstances may warrant for the future consideration of enlarging the functions of the consultative group.

## VI

Certain specific matters remain to be dealt with. It is the view of the United States that each country should, so far as possible, come to control and direct its own internal air lines. In the long view, no country will wish to have its essential internal air communications under the domination of any save their own nationals. This, of course, does not exclude arrangements by which assistance can be obtained from other countries in the form of capital, or technical assistance, but suggests recognition of the principle that the people of each country must have the dominant voice in their own transport systems. If air transport is not to become an instrument of attempted domination, recognition of this principle seems to be essential.

For this reason, this country reserves, and believes that every country will insist on the right to reserve to itself, the internal traffic known as cabotage, so that, if it chooses, traffic between points within its borders may be carried by its own national lines. Clearly, the right of reserved cabotage can be exercised by one country only, for if a number of countries were to combine to pool their cabotage as between each other, the result would be merely to exclude nations not parties to the pool; and it is the firm conviction of this Government that discriminatory or exclusive agreements are raw material for future conflict.

Partly as a result of the turn which has been taken by war production, the United States has, at the moment, substantially the only supply of transport planes and of immediate productive facilities to manufacture the newer types of such planes.

The Government of the United States does not consider that this situation is permanent—or, indeed, that it should be permanent. It knows very well that other countries are quite as capable of manufacturing planes as we are; that their engineers are as good, and their science as far-reaching. Far from using this temporary position of monopoly as a means of securing permanent advantage, we feel that it is against our national interest and,

we think, against the interests of the world to try to use this as a means of preventing others from flying.

Consequently, this Government is prepared to make available, on non-discriminatory terms, civil air-transport planes, when they can be released from military work, to those countries which recognize, as do we, the right of friendly intercourse and grant permission for friendly intercourse to others.

This means that no country desiring to enter the air is barred from the air because it may have suffered under the heavy hand of enemy invasion or because we may have played a leading part in the task of manufacturing and developing long-range commercial planes.

A by-product of war has been the development of a great range of aids to navigation and flying which should vastly increase the safety and speed and comfort of air commerce. We are prepared to encourage the exchange of technical information between ourselves and other countries, to the end that the best of the art of aviation may become a part of the general fund of the world's resources.

There has been fear, a fear widely spread in this country, that devices such as subsidies would be used by us or by other nations so that the rates and charges in air commerce might reach such levels as would be designed to drive other planes out of the air. We have no such intent ourselves, and we would oppose any such policy if practiced by others. No country can expect at present to have wide-flung aviation lines without subsidies, as matters now stand; but while a subsidy is legitimate and useful to keep needed planes in the air, it is certainly noxious if designed to knock the planes of others out of the air. For this reason, the United States is prepared to discuss ways and means by which minimum rates can be agreed upon and by which the subsidies which are involved in all transport trade shall be used for the purpose of legitimate air communication but not for the purpose of assisting rate wars or uneconomic competition.

In this way, we believe there can be achieved a rule of equal opportunity from which no nation at this table shall be excluded.

## VII

All of us here assembled are in some sense trustees of the present, and what we do will also influence the future in ways which we can hardly calculate. Science has vouchsafed us a great tool of international relationships, and custom is beginning to

teach us its use. But science leaves human values to men; and this tool may serve or injure, unite or divide, kill or save, as men use it. If we are able, now and later, to bring the experience and the knowledge gained in the laboratory, on the battlefield, and in peaceful flying within the range of sound and effective rules and of gracious practices, excluding none and conceived on a basis of worldwide equality of opportunity, we may open a new and statelier chapter in the history of the conquest of the air.

Oppressing none, considering all, establishing law where we can, and taking common counsel where the law has yet to emerge through custom and experience, liberating the wings whose line goes out to the ends of the earth, we shall succeed if our decisions are informed by that honor and vision and common kindness which, now and always, are the great content of wisdom.

## American Delegates to International Wheat Council

[Released to the press November 1]

The President has now approved the designation of the following persons as American delegates to the International Wheat Council:<sup>1</sup>

Carl C. Farrington, Vice President of the Commodity Credit Corporation, Department of Agriculture

Edward G. Cale, Assistant Chief of the Commodities Division, Department of State

Mr. Farrington is an additional delegate to the Council and Mr. Cale has been designated in place of Robert M. Carr, who at the time of his appointment was Assistant Chief of the Division of Commercial Policy and Agreements, Department of State, and who now has a new assignment in the Office of Economic Affairs, Department of State.

## Invitation to the President And the Secretary of State To Visit France

[Released to the press November 5]

The following note, dated November 4, was sent to the Secretary of State by the Minister Pleni-

potentiary, Delegate of the Provisional Government of the French Republic to the United States. A translation follows:

MR. SECRETARY OF STATE:

I have been requested by Mr. George Bidault, Minister of Foreign Affairs, to inform Your Excellency that the Provisional Government of the French Republic, as an expression of the appreciation of the entire French Nation for the outstanding contribution which the people and armies of the United States have made to the liberation of the capital of France and of the greater part of her territory, would be happy to receive President Roosevelt in liberated Paris.

The Provisional Government would be particularly happy should Your Excellency accompany the President on this visit.

I should be grateful if you would deliver this invitation to the President of the United States.

I hold myself at your complete disposal for the purpose of transmitting to my Government President Roosevelt's reply and of informing it, in the event that this reply, as the French Government hopes, is favorable, the time at which this visit might take place.

Please accept [etc.]

HENRI HOPPENOT

## Economic Mission to Liberia

[Released to the press October 31]

The Foreign Economic Administration at the suggestion of the Department of State and with the approval of the Liberian Government is sending an economic mission to Liberia. The mission, which will leave in the near future, will have the dual aim of increasing Liberia's production of such strategic materials as rubber and palm oils, which are vitally needed in the war effort, and developing other resources needed by the United Nations. An important part of the mission's work will be connected with the development of a seaport to be constructed by a private American contractor under the supervision of the Bureau of Yards and Docks of the United States Navy. Funds advanced by the Foreign Economic Administration for this purpose are to be repaid from commercial port income. The mission will be concerned with coordinating port activities with other plans for aiding Liberia in the development of its resources.

Mr. Earl Parker Hanson, FEA special representative to Liberia, will head the mission.

<sup>1</sup> BULLETIN of July 4, 1942, p. 582, and Aug. 1, 1942, p. 670.



# Economic Aid to Italy

## EXCHANGE OF LETTERS BETWEEN THE MAZZINI SOCIETY AND THE DEPARTMENT OF STATE

[Released to the press November 4]

OCTOBER 30, 1944.

MY DEAR MR. SECRETARY:

Reports from Italy have given rise to some confusion and concern among Americans of Italian descent and to friends of Italian democracy with respect to the present economic situation and the future outlook in that stricken land.<sup>1</sup>

We would appreciate it, therefore, if you would help to clarify a situation which holds for us a deep interest for the present and the future. We believe that such clarification would help the morale of those of us who have ardently desired to see Italy fight and win for itself an honored place among the United Nations.

Very respectfully yours,

UMBERTO GUALTIERI  
*National Secretary*

NOVEMBER 3, 1944

MY DEAR MR. GUALTIERI:

In reply to your letter of October 30, 1944, requesting information on the economic situation in Italy, I am happy to give you the following facts:

The Government of the United States has been and continues to be very much interested in the plight of the Italian people, particularly in their economic wellbeing. The heritage of Western and Christian civilization, which has played such a fundamental role in the life of this country, is based largely on the contributions made by Greece and Italy. No small part of the population of the United States is of Italian origin, making American interest in conditions in Italy even more direct and real. Furthermore, Italy is the first European country to be liberated by the Allies. Italy thus presented a challenge to the United Nations and called for such interest owing to the fact that economic conditions in the liberated parts of Italy were critical.

It must be remembered that we went into Italy to defeat the enemy and to liberate that country

from the control of the Fascists and the Germans. Our prime contribution, therefore, was military. As the Allies moved in, they found a country whose economy had progressively deteriorated under Fascist mismanagement, Nazi oppression, and as a result of military operations to drive the Nazis from Italy. Under Fascist control a large part of Italian resources and productive capacity had been devoted to preparing for and engaging in war rather than producing to meet the needs of the people of Italy. A country which has always been economically insufficient and dependent on large imports from abroad had thereby been put in a deplorable state. Nazi oppression and plundering made the situation worse. Bombing and other military operations to drive the Germans out caused further devastation and deterioration of Italy's economic, agricultural, and industrial system.

Such was the chaotic and critical situation which faced us and our Allies in Italy and which had to be met despite the fact that we were carrying on active warfare against the enemy in the Mediterranean, in Northwest Europe and in the Far East and these military efforts were straining our resources severely in shipping, port facilities, critical supplies and manpower. Our accomplishments to date in remedying the conditions inherited from nearly a quarter of a century of Fascist misrule, Nazi oppression and the devastation of war have been substantial. The facts and figures relating to the accomplishments speak for themselves.

In addition to our prime aim in ridding most of Italy of Fascist and German oppression we and our Allies have accomplished the following:

1. We have supplied 1,107,000 tons of basic foodstuffs to the Italian civilian population and provided another 1,193,000 tons of other civilian supplies making an aggregate material contribution to Italy's economic wellbeing of 2,300,000 tons. In order to insure the equitable distribution of these supplies and to make their use more effective, we have helped the Italians iron out the inequalities

<sup>1</sup> BULLETIN of Oct. 15, 1944, pp. 401, 403.

and render more efficient their rationing system and assisted them in every way possible in the collection and distribution of domestic supplies, particularly the food crops of the current year.

2. The United States has made available to the Italian Government the dollar proceeds of the pay of United States troops in Italy as well as the dollar proceeds of remittances from and through the United States, and of Italian exports to the United States in order to permit Italy to procure such supplies as the United States and British Armies are not bringing in as part of their program of military operations.

3. The United Nations Relief and Rehabilitation Administration is supplementing our direct efforts in the relief and rehabilitation of Italy. UNRRA has undertaken to make an allocation of \$50,000,000 for supplemental relief within Italy. UNRRA plans, as part of this expenditure, to deliver 15,000 tons of extra foods monthly, to care for approximately 1,700,000 children and expectant or nursing mothers. In addition, professional personnel would assist Italian health authorities and UNRRA would supply about \$8,000,000 worth of supplemental medical supplies over a period of a year. This is over and above the aid being given by UNRRA to United Nations nationals who are refugees in Italy.

4. We have restored postal services with the rest of the world for most parts of liberated Italy, arranged for the shipment of supplies by private relief organizations and for parcel post gift packages, and have lifted the ban on commercial communications with Italy at a time when a major military campaign is still being waged on Italian soil.

5. We have encouraged the export of Italian products to this country and Great Britain, both in the hope of aiding the Allied efforts and of restoring Italy's place in international commerce.

6. We have assisted and reorganized the administrative machinery of the nation and its provinces so as to facilitate the country's rehabilitation.

7. We have repaired and reconstructed shattered vital lines of transport, including highways, bridges, railways, and the docks and facilities of many ports.

8. We have restored, repaired, and rebuilt essential public utilities—such as waterworks, electrical systems, gasworks and sewers—to the extent

necessary for military usage and for essential civilian economy in many cities, including Rome, Naples, and the devastated areas of Sicily.

9. We have assisted labor, after the abolition of Fascist syndicates, to set up its own organizations, and mediated and advised in settling all disputes. No major strikes have occurred and work stoppages were prevented without the use of compulsion.

10. We have rehabilitated key industries, wrecked by bombing and German demolition, in order to process food stuffs, manufacture textiles, mine essential minerals and to process them, both for military and essential civilian use, thus providing jobs as well. Planning for the rehabilitation of the following industries is well under way: soap, paper, textiles, tobacco and matches (important for government revenue as a monopoly) and fertilizers.

11. We supported banks after the crisis of liberation and permitted their rapid reopening on a sound basis, as indicated by the fact that deposits have increased.

12. We set up price controls for 21 major necessities, and we are curbing black market operations. This has been especially successful where it has been possible to increase rations.

13. We have made a complete study of agriculture, forestry and fishing with a view to determining precisely the supplies and finances needed for their restoration.

14. We initiated a quick and complete census of the people and of industry in order to obtain a clear picture of the country's needs and potentialities for rehabilitation and helped the Italian Government to set up appropriate machinery for reestablishing their industrial and transportation economy.

The Government of the United States foresees that with the termination of military operations and with the reduction in the calls being made on our resources and facilities for the conduct of the war, the Italian Government and people will be afforded even greater opportunities to rehabilitate their basic national economy and to take their rightful place in the world's economy.

Sincerely yours,

For the Secretary of State:

DEAN ACHESON

*Assistant Secretary of State*

# Conference at Bretton Woods Prepares Plans for International Finance

By JOHN PARKE YOUNG<sup>1</sup>

The United Nations Monetary and Financial Conference which met at Bretton Woods, New Hampshire, from July 1 to July 22, 1944 produced two major proposals: The International Monetary Fund and the International Bank for Reconstruction and Development. These two institutions are parts of the general program being planned by the United States and other peace-loving nations to improve economic conditions generally throughout the world.

At Dumbarton Oaks plans were made for general security and for an international organization with broad responsibilities. The Economic and Social Council proposed there would be a high coordinating body and would perform such functions as are assigned to it by the General Assembly. In addition, several specialized agencies whose responsibilities and authority would cover the major economic fields are planned. Plans for the Food and Agriculture organization were worked out at the conference at Hot Springs, Virginia. Measures are also being considered to bring about a general reduction of trade barriers and the abandonment of undesirable practices. The various measures and machinery that are being planned at this time constitute a unified program and are to be considered as parts of a whole.

In the field of finance, the agencies proposed are the International Monetary Fund and the International Bank for Reconstruction and Development. These two companion institutions are designed to provide a basis for the development of international financial transactions and thereby to facilitate expansion of trade and fuller utilization of the world's productive resources. They are pointed toward the goal of higher national incomes and general security.

The two plans represent the combined efforts of 44 nations and are the culmination of study and informal discussions spread over an extended period of time, among the technical experts of these governments. The main outlines and principles

of the plans were thus generally agreed upon prior to the Conference, but a great deal of work remained.

From the near-range viewpoint the Conference was marked by an unusually large amount of hard and intensive work and by a determination of the nations represented to find common ground for agreement and to produce a plan. The delegations included men of the highest level of technical competence.

From the long-range viewpoint the Conference represents a significant step in international collaboration. Technical experts from 44 nations have set forth what they consider to be rules of the game in the field of currency and exchange. With pre-war currency and trade disorders fresh in mind, the nations recognized that their economic interests were interlocked and that cooperation was essential; they recognized also that the machinery they were designing could, if properly designed, make a major contribution to the lasting health and prosperity of the world.

The agreements worked out at the Conference do not commit any government. They are now before the governments of the United Nations for their consideration and action. The Fund agreement shall go into effect when approved by nations having 65 percent of the quotas; the Bank agreement shall go into effect when approved by members of the Fund whose minimum subscriptions to the Bank comprise 65 percent of the total subscriptions scheduled.

## ORIGIN OF PLANS

When currency systems were restored after the last war there was little or no attempt at coordination of measures to provide stability; no machinery was set up to facilitate an orderly adjustment of exchange rates when fundamental condi-

<sup>1</sup> Mr. Young, Adviser on International Financial Institutions, Division of Financial and Monetary Affairs, Office of Economic Affairs, Department of State, was a member of the Secretariat at the Bretton Woods Conference.



tions necessitated such a revision. The disturbances of the 1930's, involving a resort to competitive currency depreciation, imposition of exchange restrictions, import quotas, and other devices which all but stifled trade, made it clear that improved international financial arrangements were necessary. The currency and exchange difficulties of that period are generally regarded as contributing to a considerable extent to the outbreak of the present war.

As the war progressed, discussion of international financial objectives and procedures was stimulated. In the United States Dr. Harry White of the Treasury Department prepared a plan for an international stabilization fund and an investment bank which he presented confidentially early in 1942 to a small group in Washington.

Discussions had also been under way in England, and soon thereafter Lord Keynes offered a proposal for an "International Clearing Union". The British Government printed this proposal as a secret document without Lord Keynes' name. Copies were made available to United States Government officials. These two proposals became known as the White Plan and the Keynes Plan. They were actively discussed in government circles both in Washington and London beginning about the middle of 1942, and early in 1943 they were confidentially communicated to other United Nations.

In April 1943 the two plans were made public. The American release to the press of a "Preliminary Draft Outline of Proposal for a United and Associated Nations Stabilization Fund" and the British White Paper presenting "Proposals for an International Clearing Union" pointed out that each proposal was the work of government technical experts and that it did not involve any official commitment. Although the original White Plan provided for the creation of an investment bank as well as a stabilization fund, the material made public in April 1943 did not include the proposal for a bank. Attention was concentrated on the stabilization fund. The British proposal referred to the need for other institutions, including a Board for International Investment, and mentioned the services which the Clearing Union might perform for such a Board.

In the spring of 1943 the President created a committee known as the Cabinet Committee, consisting of the heads of the Department of State,

Department of Commerce, Foreign Economic Administration, and Board of Governors of the Federal Reserve System, to work with the Secretary of the Treasury on the question. A technical commission composed of Government financial experts under the chairmanship of Dr. White was also established.

When the American proposal was made public the Secretary of the Treasury sent copies to 37 nations and invited them to send technical experts to Washington to make suggestions and to discuss the proposal. Accordingly, about the middle of 1943 discussions with experts from a large number of countries were held informally in Washington. Many valuable changes and additions developed from these discussions. Shortly afterward the Canadian experts offered a plan which presented their views, and a little later China and France came forward with proposals. The similarities of the various viewpoints were much more marked than were the differences. Following these discussions between American and foreign technical experts a revision of the so-called White Plan was published in July 1943.<sup>1a</sup>

In the fall of 1943 British economic and financial experts came to the United States to discuss various topics. The financial discussions dealt almost entirely with the currency-stabilization proposals and only to a small extent with plans for a bank. The British and American experts found themselves in substantial agreement on the major principles of stabilization, so that the prospects of designing a plan agreeable to both countries appeared bright. The discussions continued by correspondence, and there was prepared a so-called joint statement of principles on which there was agreement.

Meanwhile, in November 1943 the Treasury Department had published a draft of the bank proposal. Russian experts came to Washington early in 1944 and engaged in extended discussions with respect to both proposed institutions. These discussions were undertaken with considerable interest in view of the differences between the Russian economic system and the systems prevailing in most other countries. It soon developed that agreement with Russia on both the Fund and the Bank was possible.

Out of these various discussions there developed a document known as the Joint Statement of Ex-

<sup>1a</sup> BULLETIN of Aug. 21, 1943, p. 112.

perts on the International Monetary Fund. This document represented the common area of agreement among the nations that had participated in the discussions. It was published on April 22, 1944 simultaneously in Washington, London, Moscow, Chungking, Ottawa, Rio de Janeiro, Mexico City, and Habana, and in full or abbreviated form in many other countries. It represented the views of the experts of approximately 30 countries and constituted a basis for the development of the subsequent detailed plan.

Time had not permitted preparation of a similar statement with respect to the Bank. The discussions had indicated a large measure of agreement on the Bank, but the plan was not so far advanced as was that for the Monetary Fund.

During this period the Secretary of the Treasury kept the Congress informed regarding developments and at various times made arrangements to appear before congressional committees. Prior to the publication of the Joint Statement he explained the proposals in considerable detail to congressional committees; he indicated that an international conference on the subject would probably be called. This Government's position, as explained by Secretary Morgenthau, was to the effect that the Joint Statement was a statement of the Government's financial experts and that it was not a commitment of the Government itself. Whatever plan the conference would work out would, necessarily, be submitted to the Congress for its consideration. Other governments took a similar position.

In May 1944 the President issued invitations to the 44 United and Associated Nations to attend a conference to be held at Bretton Woods, New Hampshire, in July 1944. The conference was to discuss the proposed Monetary Fund within the terms of the Joint Statement and was to consider if possible the bank proposal.

In order to facilitate the work of the conference and to work out some of the many details, a preliminary meeting was held at Atlantic City. On June 15 a group of American financial experts assembled there and were joined a few days later by experts from 15 other countries. The group worked intensively, endeavoring to deal with some of the unsettled questions and to produce a more finished document. At this preliminary conference the British experts presented proposals for the Bank which involved some changes from the earlier plan but which met with almost immediate

approval of the experts of the other nations, including the United States. It became clear that the Bank proposal was to receive major consideration at the Conference. The group at Atlantic City went directly from there to the Conference at Bretton Woods which assembled on July 1, 1944.

#### INTERNATIONAL MONETARY FUND

##### *Purposes*

The International Monetary Fund Agreement, drawn up at the Conference, sets forth what the nations consider to be the principles and procedures or "rules of the game" in the field of currency and exchange, as well as with respect to certain phases of commercial policy. These principles and the machinery of the Fund are designed to facilitate the expansion of trade and also to prevent conditions which cause governments to impose restrictions on trade and resort to other uneconomic devices. A consultative procedure, moreover, is established whereby representatives of the member governments would regularly consider, in a dispassionate manner, their mutual problems. The Fund, as noted above, is part of the program to promote a fuller flow of trade and to improve economic conditions generally throughout the world.

The Fund provides facilities to assist countries in reducing or avoiding many of the disturbances that accompany changes in trade and other conditions. In periods of exchange stringency it would relieve the pressure for deflation and would tend to check many of the influences which depress trade, production, and employment. It would promote orderly changes in exchange rates and other economic adjustments when changes and adjustments are necessary.

The Fund is designed to provide machinery which would, so far as possible, make the currencies of its members freely convertible one for the other at established rates. Such convertibility would permit foreign trade and other international transactions to take place with a minimum of risk and difficulty arising out of the existence of different currency systems. These risks and difficulties in the past, especially during the 1930's, have greatly restricted international trade.

The proposed plan endeavors to provide a system wherein traders would be able to buy and sell in any market in the world, wherever such buying and selling could be done to the best advantage,

and to discourage arrangements whereby trade is channeled or is confined to pairs of countries. A broad multilateral trading system is the type envisaged, in order that trade may expand and may realize its full potentialities. Traders would receive accordingly some assurance regarding the amount of their own money to be realized from the proceeds of a foreign sale and that the money could be transferred without hindrance.

The purposes of the Fund are stated in article I at the beginning of the Agreement. The Fund is to be guided in all its decisions by these purposes, which are as follows:

(i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

#### *General Nature of Provisions*

The basic principles or means by which the above purposes are to be achieved are fairly simple. They are essentially these:

1. Member countries undertake to keep their exchange rates as stable as possible; accordingly, no changes in rates are to be made unless essential to correct a fundamental disequilibrium.

2. If basic conditions have changed so that a new rate becomes necessary, an adjustment can be made, but it must in all cases be made by consultation with the Fund and according to established procedures. Beyond certain limits rates can be changed only with the concurrence of the Fund.

3. Currency values are to be stated in terms of gold (or U. S. dollars), and the stability of a currency is to be gaged by its relation to gold (or U. S. dollars). Gold is to be accepted by members in settlement of accounts.

4. A common pool of resources, contributed by the members, is to be established and made available under safeguarding conditions to meet temporary shortages of exchange and thereby to help maintain the value of a member's currency until such member has had time to correct the maladjustment which may be causing the difficulty.

5. Member countries agree not to engage in discriminatory currency practices and similar devices or to impose restrictions on the making of payments and transfers for current international transactions. Existing restrictions are to be abandoned as soon as the post-war transitional period permits.

6. During the post-war transitional period flexibility in rates is provided, until rates can be found which give promise of permanence. The resources of the Fund are protected during this period.

7. Countries agree to maintain the gold value of their currency held by the Fund, so that the assets of the Fund will not depreciate in terms of gold. Countries thus guarantee the Fund against loss due to possible depreciation of their currency.

8. The Fund is to deal only with governments or their agencies and is to have no direct contact with the exchange market. Its facilities are to be utilized to clear only those balances not otherwise cleared by the market.

In the proposed Agreement these and other provisions are elaborated in detail. The provisions of the Fund are summarized below.

#### *Membership and Subscription to Fund's Resources*

Although original membership is confined to the United Nations that were represented at the Bretton Woods Conference, other countries may become members on such terms as the Fund may



prescribe. Each member is to contribute to a common pool which will constitute the resources of the Fund. For this purpose each country is assigned a quota which is related to the size of the member's foreign trade and other international transactions and to fluctuations therein. A table of quotas for the nations at the Conference is given on page 546. The total of these is \$8,800,000,000.

Subscriptions are to be paid in gold to the extent of 25 percent of the quota or 10 percent of the country's net official holdings of gold and United States dollars, whichever of these amounts is the smaller. In the case of the United States this would be about \$688,000,000 and for all nations at the Conference about \$1,800,000,000. Each country is to pay the remainder in its own currency.

A member may withdraw from the Fund at any time. If a member misuses the Fund or fails to fulfil its obligations under the Agreement it may be denied access to the Fund and may eventually be required to withdraw.<sup>2</sup>

#### *Rates of Exchange*

In order to provide for stability of exchange rates, each currency unit is to have a definite par value in terms of gold or in terms of the United States dollar. These pars are to be determined originally as follows. Each member will communicate to the Fund the par value which it desires for its currency, such par being based on the rates of exchange prevailing on the sixtieth day before the Agreement comes into force. Unless within 90 days the Fund notifies the member that the rate is unsatisfactory, or the member so notifies the Fund, this par value becomes effective. If the Fund and the member cannot agree on a suitable par, the member must withdraw from the Fund.

Countries that have been occupied by the enemy are allowed more time to select and adjust their pars, under conditions prescribed by the Fund. This period of adjustment provides flexibility during the transition until currencies have settled to levels that the Fund believes can be maintained. This arrangement also protects the Fund's resources because during such a period access to the Fund is limited or denied entirely.

Rates for transactions between members may not differ from parity by more than one percent in the case of spot transactions and by a percentage

that the Fund considers reasonable for other transactions.

Members are given a certain amount of initial leeway with regard to changes in rates; but once that leeway has been used up, rates can be changed only by permission of the Fund. Changes are not to be made under any conditions except to correct a fundamental disequilibrium, and then only by consultation with the Fund.<sup>3</sup> The Fund is not allowed to deny a proposed change if it is satisfied that the change is necessary to correct a fundamental disequilibrium.

Special arrangements exist for the post-war transitional period. The Fund may postpone beginning exchange transactions until it is satisfied that conditions are appropriate. It may also postpone transactions with any member if it believes such transactions would be prejudicial to the Fund. Countries that have been occupied by the enemy and that are granted an extension of time to select and adjust their par values may be restricted in their access to the Fund's resources.

#### *Use of Fund's Resources*

The resources of the Fund are intended to help members meet temporary needs for foreign exchange due to fluctuations in their current foreign transactions. Members may therefore acquire from the Fund, under certain conditions, the currency of any other member by paying their own currency, or gold, in exchange. For example, a country that ordinarily exports agricultural products may as a result of a crop failure find itself short of foreign exchange with which to pay for its regular imports. If it has not previously been using the Fund to excess or is not otherwise ineligible, it could acquire foreign exchange from the Fund.

The resources of the Fund are not intended to be used to provide a member with foreign capital for investment or long-term needs. The currency acquired must be needed for making payments for current transactions and not for the purpose of

<sup>3</sup> The Agreement provides that if a member proposes to change the par value of its currency because of a fundamental disequilibrium, the Fund may not object if the total of all previous changes (whether increases or decreases) does not exceed 10 percent of the initial par. Any change beyond this requires approval by the Fund. If the member proposes a change which exceeds the 10 percent but does not exceed a further 10 percent of the par, the Fund must give its opinion within 72 hours.

<sup>2</sup> This requires a majority vote of the Governors representing a majority of the total voting power.

transferring capital from one country to another. Capital transfers of a large and sustained nature are excluded, since, if allowed, they might soon cause the Fund to be depleted of currencies which happened to be in strong demand. If the Fund were to be able to provide for flight of capital it would need to be very much larger. It is intended to provide only for fluctuations in current or noncapital items in the balance of payments. Current transactions are defined to include payments having to do with foreign trade, short-term banking, the transfer of interest and dividends, moderate amortization of the principal of loans, and remittances for family living expenses.

The needs for foreign exchange that are to be met by the Fund are the net amounts that are not cleared through ordinary market transactions. The Fund does not deal with the public but only with governments or their agencies. If a country needs foreign exchange from the Fund, its government must do the buying and can then make the exchange available to private parties.

A member may not ordinarily acquire foreign currencies in exchange for its own currency to a point where the Fund's holdings of such member's currency increase by more than 25 percent of its quota during the previous 12 months, nor exceed 200 percent of its quota. Furthermore, if the Fund believes that a member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it may limit or deny such member access to its resources. If the Fund believes that a member is making improper use of the Fund's resources, it is required to make a report to such member setting forth the views of the Fund.

Members using the Fund's resources are required to pay certain charges which increase as the member's recourse to the Fund increases, and which also increase according to the length of time that its currency in excess of its quota is held by the Fund.

Several provisions exist to build up or replenish the Fund's holdings of gold and of currencies which may be in strong demand. The purpose of these important provisions is to strengthen the Fund over the years and to keep its holdings of the different currencies in reasonable balance.

In the first place, members desiring to buy the currency of other members with gold shall do so from the Fund if this purchase can be made with equal advantage. Moreover, in certain cases mem-

bers are required at the end of each financial year of the Fund to repurchase from the Fund a portion of their currency held by the Fund if such holding has increased during the year or if the member's monetary reserves have increased.<sup>4</sup> These provisions are designed to prevent countries from increasing their own reserves at the expense of the Fund and from using the Fund's resources when their own are available. If the Fund is short of a certain currency, it may borrow the currency, provided the member whose currency is involved approves. Members also agree to sell their currencies to the Fund for gold, so that if the Fund needs more of a certain currency, it can, if it desires, obtain this with gold.

Access to a large pool of foreign currencies, as provided to members of the Fund, would, it is believed, tend to inspire confidence in a member's currency and thereby to prevent speculative attacks on such currency and to promote stability. It would also give a country time in which to make necessary adjustments when the lack of balance in its foreign payments and receipts is not of a self-correcting but of a continuing nature.

#### *Exchange Restrictions*

Since restrictions on the purchase and sale of foreign exchange are inconsistent in general with the expansion of world trade and with the purposes of the Fund, these transactions are with a few exceptions prohibited by the Fund. This is an important aspect of the Fund Agreement and recognizes that the stability which the Fund endeavors to promote would be interfered with by measures which restrict trade. Such restrictions have been used to interfere with the flow of trade

<sup>4</sup> The amount to be so repurchased is to be equal to one half of any increase in the Fund's holdings of such currency, plus one half of any increase that may have occurred in the member's monetary reserves. If the member's reserves have decreased, there is to be subtracted from the amount to be repurchased one half of such decrease. If, after the above repurchase, a member's holdings of the currency of another member have increased as a result of transactions in that currency with other members, the member whose holdings of such currency have increased must use the increase to repurchase its own currency from the Fund. None of the above adjustments, however, are to be carried to a point where the member's monetary reserves fall below its quota, or where the Fund's holdings of such currency fall below 75 percent of its quota, or where the Fund's holdings of the currency to be paid to the Fund are above 75 percent of the quota of the member concerned.

and to discriminate between countries and have been the source of serious economic difficulties. The Fund Agreement therefore provides that, apart from a few exceptions and approval of the Fund, no member may impose any restrictions on the making of payments for current international transactions. Current transactions, as noted above, include those dealing with foreign trade, short-term banking, payments of interest and dividends, reasonable amortization, and remittances for family living expenses.

Exceptions that are permitted deal with restrictions on the transfer of capital, on a currency that is scarce and cannot be supplied in adequate amounts by the Fund, and on transactions during the post-war transitional period. Restrictions are allowed on transactions with non-members unless the Fund disapproves.

Since members are not allowed to use the resources of the Fund to meet large or sustained outflows of capital, restrictions on capital transfers may be necessary from time to time in some countries. Large capital movements can be so unpredictable and can so upset economic and financial stability that members are permitted to exercise such controls of capital movements as they consider necessary. The Fund may require a member to restrict capital movements if it believes such movements are utilizing the Fund's resources.

If a scarcity of a particular currency develops, the Fund may formally declare such currency scarce and thereafter apportion the Fund's supply as it deems appropriate. This is a necessary safety valve since it is possible that in spite of the Fund and the corrective measures provided a situation may develop wherein there is a general shortage of a certain currency. Whenever the Fund declares a currency scarce, members may thereafter impose restrictions on exchange operations in that currency, but this must be done in consultation with the Fund. The restrictions are to be no greater than necessary to limit the demand for the scarce currency to the supply held by the member, and they must be removed whenever the Fund declares the currency no longer scarce.

If the Fund anticipates that a scarcity is developing it may issue a report setting forth the causes of the scarcity and giving the Fund's recommendations. In the event the Fund declares a currency scarce it is required to issue a report.

Members are allowed to retain or impose exchange restrictions during the post-war transitional period provided they believe that otherwise they could not settle their balance of payments without undue recourse to the Fund. During this period the Fund is to report on restrictions still in force, and after five years from the time when it begins operations it may make representations to a country regarding the removal of such restrictions. If the member persists in retaining them the member may be denied access to the Fund and may even be compelled to withdraw from the Fund.

An important provision of the Fund is that which prohibits members from engaging in discriminatory currency arrangements or multiple currency practices, except as may be authorized by the Fund. If any such arrangements or practices exist, members must consult with the Fund concerning their progressive removal. These devices were especially damaging to trade and to international economic conditions generally during the 1930's, so that the ban on them by the Fund is a notable accomplishment.

In order to provide for the convertibility of members' currencies each member agrees to redeem any of its currency that is held by other members, provided such currency has been acquired as a result of current transactions or its conversion is needed to make payments for current transactions. A member may redeem its currency either in gold or in the currency of the member requesting redemption.<sup>5</sup>

In cases where a member is authorized according to the Fund Agreement to maintain or establish exchange restrictions, and at the same time has engagements with members previously entered into which conflict, the parties to such engagements are to consult regarding any adjustments necessary. Previous engagements, however, are not to be allowed to interfere with restrictions that may become necessary when a currency has been declared scarce by the Fund. This provision means that

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<sup>5</sup> Certain exceptions are made to this requirement, such as when the convertibility of the balances for which redemption is requested has been restricted by permission of the Fund, when the balances were accumulated from transactions which took place before the restrictions had been removed, when the balances had been acquired contrary to the exchange regulations of the member asked to redeem them, when the currency of the member requesting redemption has been declared scarce, or when the member requested to make redemption is not entitled to buy currencies from the Fund for its own currency.



the stability of exchange rates is not to be upset when the situation is of such a nature that a temporary imposition of exchange restrictions would permit the maintenance of established rates.

#### Management

The Fund is to be administered by a Board of Governors consisting of one Governor appointed by each member. The Board meets annually or oftener if it desires. The immediate management of the Fund is entrusted to the Executive Directors, who function in continuous session. There must be at least twelve Executive Directors, five of whom are appointed by the five members having the largest quotas. Two are to be elected by the American republics not entitled to appoint Directors, and the remaining five are to be elected by the other members.

Each member of the Board of Governors may cast 250 votes plus a number of votes determined by the size of the member's quota. On the basis of the present quotas the United States will have 27,750 votes, or 28 percent of the total. The United Kingdom comes next with 13,250 votes, or 13.4 percent of the total. Russia is third with 12,250 votes, or 12.4 percent of the total. China has 5.8 percent of the votes, France 4.8, India 4.3, and Canada 3.3. Each Executive Director is allowed to cast the number of votes which counted toward his election.

The above voting power is to be adjusted depending upon whether, and the extent to which, a member has recourse to the resources of the Fund. A member acquires one additional vote for the equivalent of each \$400,000 of net sales of its currency. Similarly, a member who is buying currencies from the Fund loses one vote for the equivalent of each \$400,000 of its net purchases of the currencies of other members.

Any net income realized by the Fund is to be distributed to the members in proportion to their quotas, although before this is done a two-percent non-cumulative payment is to be made to countries whose currencies have been in special demand, on the amount by which the Fund's average holdings of such currencies fall below 75 percent of their quotas.

The Fund may at any time that it desires advise any member concerning the Fund's views on matters affecting the Fund. By a two-thirds majority of the total voting power the Fund may publish

a report made to a member regarding monetary or economic conditions in such country which tend to produce disequilibrium in the balances of payments of members.

The principal office of the Fund is to be in the territory of the member having the largest quota. Depositories are to be maintained in other member countries.

#### QUOTAS FOR INTERNATIONAL MONETARY FUND FOR COUNTRIES REPRESENTED AT THE CONFERENCE

(In millions of United States dollars)

Australia	200	Iraq	8
Belgium	225	Liberia	.5
Bolivia	10	Luxembourg	10
Brazil	150	Mexico	90
Canada	300	Netherlands	275
Chile	50	New Zealand	50
China	550	Nicaragua	2
Colombia	50	Norway	50
Costa Rica	5	Panama	.5
Cuba	50	Paraguay	2
Czechoslovakia	125	Peru	25
Denmark	(*)	Philippine	
Dominican Republic	5	Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of	
El Salvador	2.5	South Africa	100
Ethiopia	6	Union of Soviet So-	
France	450	cialist Republics	1,200
Greece	40	United Kingdom	1,300
Guatemala	5	United States	2,750
Haiti	5	Uruguay	15
Honduras	2.5	Venezuela	15
Iceland	1	Yugoslavia	60
India	400	Total	8,800
Iran	25		

\*The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign the Agreement but before signature takes place.

#### INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The international flow of long-term capital has been seriously disrupted for some years and has also at times been subject to excesses and other difficulties. Judging from existing facilities and conditions, including the hesitancy of private capital to seek investment abroad, it does not appear likely that very large sums of money will be available for foreign investment unless constructive action is taken. But it is generally believed that a large volume of foreign investment, properly guided, is of special importance to the United States and to the world at large from

the standpoint of economic expansion, full employment, and stable international conditions. Moreover, during the immediate post-war years the needs of capital for reconstruction are expected to be pressing.

The resources of the Monetary Fund, as noted above, are not to be used for capital investment or long-term transactions. They are therefore not available to finance reconstruction of devastated countries or for economic development. The Bank for Reconstruction and Development is designed, as a companion institution to the Fund, to help meet these needs. The Bank is intended to facilitate the flow of long-term capital on proper terms and for productive purposes.

If private foreign lending is to revive and achieve its purpose it should be on a basis which protects the interests of both investors and recipients of the capital. The proposed Bank would endeavor to promote such a condition by offering its facilities for loans that were properly approved and that came up to certain standards. The Bank is allowed to make direct loans itself, but most of its capital is available only to guarantee loans. In making or guaranteeing loans, the Bank would give careful attention to all the circumstances, including the capacity of the borrower, the nature of the project for which the loan is contracted, and the terms and conditions. The Bank presumably would not make or guarantee a loan which imposed onerous or unreasonable conditions upon the borrower. Loans would need to be scrutinized from the standpoint both of their investment soundness and of their broad economic aspects.

The Bank is not concerned with provision of funds for relief; that is the responsibility of other agencies. Loans to governments for public purposes that may be socially desirable though non-revenue-producing are permitted, provided repayment and service on the loan are amply provided for.

By eliminating certain risks, by minimizing others, and by spreading widely those risks which could not be avoided, the Bank would perform an important economic function. The risks, according to the Agreement, would be spread internationally among the members in proportion to their shares of stock.

The Bank would endeavor to use its influence and facilities to promote the development of stable

and prosperous international financial conditions; thus it would supplement the work of the Fund in the field of currency and exchange. It would endeavor to stimulate trade and to increase the level of national incomes. It is part of the general economic program for the post-war world. It would tend to eliminate basic causes of disequilibrium by regularizing and reducing the wide fluctuations in the flow of investment and also by raising the levels of economic activity in the nations of the world. By making capital available under proper conditions it would hasten economic adjustments as well as help to prevent maladjustments. The Bank would thus operate directly on the causes of disequilibrium.

The purposes of the Bank, which are stated in article I of the Agreement and which are to guide the Bank in all its decisions, are as follows:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bring-

ing about a smooth transition from a wartime to a peacetime economy.

#### *Membership and Subscriptions*

Membership in the Bank is open only to members of the International Monetary Fund. Apart from the original members of the Fund, other countries may become members of the Bank on terms prescribed by the Bank, but they must also be members of the Fund. If a country ceases to be a member of the Fund it automatically ceases to be a member of the Bank unless retained by a three-fourths majority of the total voting power.

Since the existence of the Fund would promote stable currency and exchange conditions, which are of considerable importance to international investment, it was decided that members of the Bank should be required to participate in the Fund. The requirement also helps protect the Bank by providing safeguards for reasonable stability of a borrower's currency.

The authorized capital of the Bank is 10,000,000,000 United States dollars, of the present weight and fineness, but the total of the prescribed minimum subscriptions amounts to \$9,100,000,000. Each member is required to subscribe to a minimum number of shares of the capital stock assigned to such member in the Agreement.

The capital is to be divided into two parts. The first portion, namely 20 percent, may be used to make direct loans. The remaining portion, 80 percent, is not available for lending but constitutes a reserve fund for guaranteeing loans. It may be called up only when needed to meet obligations of the Bank in connection with loans which the Bank has guaranteed or to make payments on the Bank's own borrowings.

Payments on subscriptions are to be made partly in gold or United States dollars and partly in the currencies of the members. Each share of stock must be paid for in gold or United States dollars to the extent of two percent of its price and in the currency of the member to the extent of 18 percent. This accounts for the first or 20-percent portion of the capital. As regards the other portion, namely 80 percent, payment may be made either in gold, United States dollars, or the currency required to discharge the obligations of the Bank for which the call was made. On the basis of the quotas assigned at the Conference the gold or United States dollar subscription (apart from the 80-percent portion) would amount to \$753,500,000, of

which the United States subscription would account for \$635,000,000. Twenty percent of the quotas would amount to \$1,820,000,000.

The above two percent is to be paid within 60 days from the beginning of operations and the 18 percent when the Bank calls for it. During the first year of operations, however, the Bank must call for at least 10 percent of its subscribed capital.

If a member's currency depreciates the member must provide the Bank with enough additional currency to maintain the original gold value of its currency held by the Bank and derived from the 20-percent portion of capital.

#### *Loans and Guaranties*

The Bank would provide funds to borrowers either by making loans itself or by guaranteeing loans in order to aid borrowers to obtain them on reasonable terms from the private market. The Bank is not allowed to have outstanding at any one time loans or guaranties in excess of its unimpaired capital, surplus, and reserves.

All loans which the Bank may make or guarantee must be guaranteed by a member or its central bank or equivalent agency. The resources of the Bank are not available for the benefit of non-members. The Bank may guarantee or make a loan only when it is satisfied that the borrower would otherwise be unable to obtain the loan on reasonable terms. The Bank thus would not interfere with private lending unless exorbitant terms were being imposed.

In order to safeguard the resources of the Bank and to make sure that loans are for proper purposes, each loan or guaranty must first be recommended by a technical committee after it makes a careful study of the project. The Bank must also assure itself that the proceeds of a loan are used for the purposes for which the loan was granted. Loans and guaranties are ordinarily to be for specific projects of reconstruction and development.

The Bank may acquire additional funds to lend by borrowing in the market of a member, provided the member approves and agrees that the proceeds may be freely convertible into the currency of any other member. Loans out of the Bank's resources, namely out of the 20-percent portion of the capital, however, must be approved by the member whose currency is involved. The Bank is not allowed to impose any conditions that the proceeds of a loan be spent in any particular country.



When the Bank makes a loan it provides the borrower with such currencies as may be needed for expenditures within the territories of other members. Only in exceptional circumstances will the Bank provide a borrower with the borrower's own currency.

Payments of interest and principal on loans out of the Bank's own capital are to be made in the same currency as that lent, unless the member whose currency is lent agrees otherwise. These payments are to be equivalent to the value of the contractual payments at the time the loan was made, in terms of a currency specified for the purpose by the Bank. Loans out of money borrowed by the Bank may be in any currency, but the total outstanding loans in any one currency may not exceed the total of outstanding borrowings by the Bank in the same currency. This means that the Bank is protected in the event of depreciation of a currency owed to it.

If a member suffers from an exchange stringency, the Bank may accept that member's own currency temporarily or make other adjustments, provided adequate safeguards are arranged.

The commission which the Bank is to receive for loans which it may guarantee is to be between one percent and one and a half percent a year. After 10 years' experience the commission may be adjusted if the Bank deems advisable. In the event of default by a borrower guaranteed by the Bank, the Bank may terminate its liability by offering to purchase the obligations at par and accrued interest. All commissions received by the Bank are to be set aside as a special reserve to meet liabilities.

The Bank may buy and sell securities which it has issued or guaranteed, with the approval of the member in whose territories the securities are to be bought or sold. It may buy and sell other securities for the investment of its special reserve. Each security which the Bank guarantees or issues must carry a conspicuous statement to the effect that it is not the obligation of any government unless expressly stated on the security.

The Bank may not interfere in the political affairs of a member, nor may it be influenced in its decisions by the political character of the member concerned.

### *Management*

The Bank is to be administered by a Board of Governors, one Governor appointed by each member. The Board of Governors is to meet at least annually. Each member of the Board is to have 250 votes plus one vote for each share of stock held. On the basis of the quotas drawn up at the Conference, the United States would have 32,000 votes or 31.4 percent of the total; the United Kingdom, 13 percent; Russia, 12 percent; China, 6.1 percent; and France, 4.6 percent.

The immediate conduct of the Bank's operations is in the hands of twelve Executive Directors. Five of the Executive Directors are to be appointed by the five members having the largest number of shares; the remaining seven are to be elected by all the Governors other than those appointing the above five members. The system of election of these seven Directors is arranged so that it gives special consideration to small countries whose votes might otherwise be ineffective.

In making decisions on applications for loans relating to matters within the competence of other international organizations, the Bank is to give consideration to the views of such organizations.

The principal office of the Bank is to be in the territory of the member holding the largest number of shares. The Bank may establish agencies, branches, or regional offices elsewhere.

The net income of the Bank is to be distributed to shareholders in proportion to their shares, although a two-percent non-cumulative dividend is to be paid first to each member on the basis of the average amount of loans outstanding during the year out of currency corresponding to its subscription.

A member may withdraw from the Bank at any time. If a member fails to fulfil its obligations to the Bank it may be suspended by a decision of the majority of the Governors exercising a majority of the total voting power.

Amendments to the Bank Agreement require a vote of three fifths of the members having four fifths of the total voting power. The Bank is to have an Advisory Council of not less than seven persons selected by the Board of Governors, including representatives of banking, commercial, industrial, labor, and agricultural interests.

**SUBSCRIPTIONS TO THE BANK FOR RECONSTRUCTION AND DEVELOPMENT ALLOCATED TO COUNTRIES REPRESENTED AT THE CONFERENCE**

(In millions of United States dollars)

Australia	200	Iraq	6
Belgium	225	Liberia	.5
Bolivia	7	Luxembourg	10
Brazil	105	Mexico	65
Canada	325	Netherlands	275
Chile	35	New Zealand	50
China	600	Nicaragua	.8
Colombia	35	Norway	50
Costa Rica	2	Panama	.2
Cuba	35	Paraguay	.8
Czechoslovakia	125	Peru	17.5
Denmark	(*)	Philippine	
Dominican Republic	2	Commonwealth	15
Ecuador	3.2	Poland	125
Egypt	40	Union of	
El Salvador	1	South Africa	100
Ethiopia	3	Union of Soviet So-	
France	450	cialist Republics	1,200
Greece	25	United Kingdom	1,300
Guatemala	2	United States	3,175
Haiti	2	Uruguay	10.5
Honduras	1	Venezuela	10.5
Iceland	1	Yugoslavia	40
India	400		
Iran	24	Total	9,100

\*The quota of Denmark shall be determined by the Bank after Denmark accepts membership in accordance with the Articles of Agreement.

**OTHER ACTIONS OF THE BRETTON WOODS CONFERENCE**

Although the Conference was devoted primarily to consideration of the Fund and the Bank, it passed several resolutions dealing with economic and financial questions. These included a resolution that the wide fluctuations in the value of silver were to receive further study by the interested nations; that the Bank for International Settlements be liquidated at the earliest possible moment; that measures be taken to see that the property looted by the enemy is restored to its rightful owners, and that all neutral countries be asked to take measures to prevent the enemy from transferring or concealing such looted property; that in order to attain the broader objectives of economic policy and the purposes of the Fund, the governments participating in the Conference seek agreement on the best means to reduce obstacles to international trade, to bring about orderly marketing of staple commodities, to deal with problems arising from the cessation of war production, and to harmonize national policies directed toward maintaining high levels of employment and rising standards of living.

## Meeting of the Governing Board of the Pan American Union

**Remarks by THE ACTING SECRETARY OF STATE<sup>1</sup>**

[Released to the press November 1]

I should like to express on behalf of Secretary Hull his deep and sincere appreciation for the generous remarks of the Ambassador of Honduras in proposing his name for reelection as chairman of the Governing Board of the Pan American Union. It is, moreover, a great honor to my Government that its Secretary of State should once again be chosen to preside over so distinguished a body of statesmen, whose accomplishments have won for it a position of highest significance in the international affairs of the world.

Were Secretary Hull able to be here this afternoon, he would be able to state far more clearly than anyone else the importance which he has attached throughout the past 11 years to his association with the members of this body. The

friendships made here, the devotion with which the members of this Board have undertaken their work, and the enlightened spirit of mutual trust and cooperation which have characterized its deliberations have played no small part in making possible the growth of our inter-American system of consultation and collaboration.

At this time in history, when the minds of leading statesmen throughout the world are wrestling with the problem of establishing a world order for the maintenance of peace, the eyes of all men are turned to the inter-American system. They are weighing its significance and scrutinizing the principles on which it rests. Above all they seek to derive from it a faith that through international cooperation, guided by men of good-will, the world can establish a peaceful order in which to cultivate the spiritual advancement of mankind.

I know I speak for Secretary Hull when I reaffirm his unquestionable faith that we can achieve

<sup>1</sup> Delivered at the meeting of the Governing Board, Pan American Union, Nov. 1, 1944.

(Continued on page 562)

# Education in Germany Under the National Socialist Regime

By LEON W. FULLER<sup>1</sup>

## Higher Learning and Extracurricular Education

### SCIENCE AND THE UNIVERSITIES

#### *The Nazi Attitude Toward Science*

National Socialist reforms in the field of higher learning can be understood only in the light of the Nazi attitude toward science and research—an attitude which springs inevitably from the ethnocentric nature of the premises underlying all National Socialist thinking. It attacks first the detachment of the scientist. "Scientific objectivity", asserts a German educational journal, "is only one of the many errors of liberalism. The liberal man is only an artificial construction. He does not exist in reality; there are only men who belong to a nation and to a specific race." Science, then, like all other aspects of culture, is conditioned by its "folkish" environment and cannot exist without presuppositions. Modern liberal thought has erred in removing man from the center of things, presupposing a universe of abstract and eternal law in which human cultures could exist as detached entities. National Socialism seeks a return to man (as a particular type, a *Volk*) as the living center and criterion of scientific investigation. Science thus becomes "critical anthropomorphism"; the task of German thinkers is to "build up a culture which corresponds to this, the German type".

Every science is necessarily conditioned by a racial-political awareness; each observer is bound, whether consciously or not, by the forces of his race, surroundings, people, and soil. The alleged objectivity of science is, in fact, only a reflection

of the "bourgeois secular spirit" of the times. Science is no mere "function of the intellect"; it cannot shut out will, faith, and passion.<sup>2</sup>

According to Bernhard Rust science must possess a binding central idea. For National Socialists a *Weltanschauung* is the "fruitful Mother Earth from which every creation of the human intellect takes its growth. . . . Science is as much free as it is bound". Ernst Kriek repudiated "scientific absolutism". There can be no "pure reason" since man is both subject and object of knowledge. Science is necessarily conditioned by time and place; each generation, each unique national group arrives at its own form of truth. Thus there can be no "liberal neutrality" for science or education. Science must share in the total life of the community—must, in short, be "political" science. Science depends on the scientist. To Alfred Bäumler science was "heroic rationalism"; research was conquest. A bellicose, not theoretical, approach has created a science which must be as partial, as one-sided as a cavalry attack in pursuing its objectives. Philipp Lenard (eminent Nazi physicist and author of *Deutsche Physik*) denied that science could be universal: "Science, like every other human product, is racial and conditioned by blood."

It follows from the Nazi assumptions that science can have no autonomy—there can be no "science for science's sake". It must serve the German folk-movement. Its specialists must enrol in the joint enterprise, and learning must serve the great cultural and political tasks of the epoch. Only pragmatic and useful truths are of value. In the preamble of the law of March 16, 1937 for establishing a National Research Council, the mobilization of research in behalf of the Four Year Plan was justified on the grounds that, by necessity, "scientific investigation has the task of reaching goals on which the existence of

<sup>1</sup> Mr. Fuller is a Country Specialist, Central European Section, Division of Territorial Studies, Office of Special Political Affairs, Department of State. This article concludes a series on education in Germany under National Socialism. For the first article, on "Antecedents of National Socialist Education" and "Education Before National Socialism", see BULLETIN of Oct. 22, 1944, p. 466; for the second article, on "National Socialist Education in Theory and Practice", see BULLETIN of Oct. 29, 1944, p. 511.

<sup>2</sup> Erich Jaensch, *Die Wissenschaft und die deutsche völkische Bewegung* (Marburg, 1933), pp. 4-9. G. Leibbrandt and E. Zechlin, "Weltpolitik und Wissenschaft", *Nationalsozialistische Monatshefte*, Dec. 1940.



the whole nation depends". The entire purpose of Nazi science was expressed most candidly by Professor Kahrstedt of Göttingen:

"We renounce international science. We renounce the international republic of learning. We renounce research for its own sake. We teach and learn medicine, not to increase the number of known microbes, but to keep the German people strong and healthy. We teach and learn history, not to say how things actually happened, but to instruct the German people from the past. We teach and learn the sciences, not to discover abstract laws, but to sharpen the implements of the German people in their competition with other peoples."

*Nazification of the Universities and Higher Schools*

*The Nazi View of Higher Learning.* The attitude of the Nazi regime toward Germany's world-famous universities and other institutions of higher learning was dictated by its conception of the role of education and science as outlined above. Despite the fact that the universities had remained distinctly reactionary under the Republic and had continued to recruit both student bodies and faculty personnel from upper-class conservative elements, Nazi educational leaders discovered ample grounds for attacking them. The university (in the words of student-Führer Dr. Schul) is "in constant danger of degenerating into a purely intellectual institution, whereas its true function is that of a training center".

There must be no dabbling in irrelevant knowledge; all research must contribute directly to the upbuilding of the nation. All work, even the most specialized, must rest upon the firm ground of a common *Weltanschauung*. So-called academic freedom was a sham since there could be no freedom to question truths historically conditioned by the imperatives of "folkish" existence. The "salon skepticism", the "pulpit nihilism" of teachers who felt no sense of responsibility to *Volk* and nation could no longer be tolerated. The aloofness of the universities from political life and the ivory-tower existence of the professor engrossed in his researches but indifferent to the vital needs of his students and of his nation were condemned.

The true function of the institution of advanced learning, training, and research in the National Socialist state was the furnishing of direction, leadership, and inspiration in the molding of those

students best qualified for high responsibility. The German university had never enrolled more than an exceedingly small percentage of the eligible age group, which by the Nazis was reduced still further. The last remnants of individualism were swept away, bringing to an end the "positivist cult of the intellect". Student and professor alike were to be deemed public functionaries performing essential national tasks. Research was to become directed investigation determined by the demands of a totalitarian society. The university must become *völkisch*, rooted in the national soil, serving the most vital interests of the nation.

*Administrative Reorganization.* German higher institutions of learning had traditionally been controlled by the appropriate state authorities (there were 23 universities and a total of 106 institutions of all types). These were all placed under the single authority of the Reich Ministry of Education and every vestige of particularist or state control was eliminated. Each university was reorganized in accord with the leader principle. The rector, formerly chosen by the faculty, was now appointed by the Minister of Education, as were also the deans presiding over the various faculties. All faculty appointments or promotions, formerly in the power of the faculty itself, were now subject to state control and required the approval of the Minister, who acted in consultation with high party officials. The entire instructional staff (*Dozentenschaft*) was coordinated under a leader appointed by the Ministry; the students (*Studentenschaft*) were similarly organized under a state-appointed student leader. The Ministry had the absolute right to demote, transfer, or dismiss faculty members. Student bodies were coordinated in a *Reichschaft* under a government-appointed leader. A *Studentenbund* of party members occupied a privileged status within the general student organization. The historic *Studentencorps* of the universities were liquidated, against persistent opposition, and every effort was made to promote the solidarity of the national student group and its sense of identity with the *Volk*. A special office was established for SA groups in the universities.

An elaborate system of controls has been set up for the selection of university teaching personnel. The former "habilitation" by the faculty, testing scientific competence, is retained, but additional requirements are imposed. The applicant for the

license to teach (*Dozentur*) must take a four-week training course "which is intended to familiarize him with the main questions of science and research in relation to the National Socialist Party and to develop his community spirit beyond that of mere faculty boundaries". He must serve in a community camp where his character traits and views come under the scrutiny of party officials. There, for six weeks, hard physical labor, common tasks, and simple fare are calculated to harden him and broaden his mental horizon beyond his own specialty. His qualifications as an inspiring leader of youth as well as his ability to impart scientific instruction are rigorously examined. As a university teacher he remains under the continuous observation of rector, deans, faculty, student leaders, and special party representatives.

*Decline in Enrolment.* The rapidly declining enrolment of students in higher institutions has been one of the most striking aspects of Nazi-controlled education. The approximate enrolment in all such institutions showed a decrease as follows:<sup>3</sup> 1933, 127,000; 1935, 77,000; 1939, 58,000. Decline has been most marked in the technical schools, least, in the schools of theology. The number of women in the schools by 1939 was little more than one third the pre-Nazi figure. The war, which closed many of the universities, has aggravated still further the decline. The *Frankfurter Zeitung* of December 3, 1941 estimated that Germany may expect a deficit of from 50,000 to 80,000 students in the next decade.

The reasons for reduced enrolments are various. In Germany in 1933, as elsewhere, the intellectual professions, particularly law and medicine, were seriously overcrowded. The annual demand for university graduates was less than half the number available. It is estimated that there was a reserve army of from 40,000 to 50,000 intellectual workers in 1933. In 1935 there were 6,411 judges and attorneys in the Reich, but there were an additional 5,542 qualified candidates for such posts. In Prussia in 1934 there were 2,649 applicants for 250 posts. The discontent and bitterness among this intellectual proletariat was one significant factor in the collapse of the Republic and the advent of National Socialism.

The Nazis undertook to remedy the situation through planned restriction and selection. The law of April 25, 1933 for combating the overcrowding of the higher schools established maximum quotas for all the states and provided for assistance

in securing employment for those persons excluded. By subsequent decrees selective tests for admission to the universities were to be of three types: physical-intellectual, moral-political, and racial. The criterion of admission became increasingly that of political rectitude and fitness for service to the state. Ultimately the quota system was eliminated; qualitative tests in the selection of candidates were relied upon entirely. Preference was given to party members and also, later, to those with a background of combat service. Maximum quotas were later set for the seven largest universities and technical schools located in metropolitan areas, but no restrictions were placed upon enrolments in other institutions located mainly in smaller towns—evidence again of the Nazi preference for the rural and village environment. A network of selective measures and institutions helped to eliminate those who were not qualified for higher education in the National Socialist sense; among these were the Land Year, the Labor Service, military service, a Reich vocational competition, a National Student Welfare Organization, and the youth organizations.

Another significant cause of reduced enrolments was the simple fact that the university was no longer the main road to a career. It had been bypassed by the party organizations. Economic considerations bar many students from the universities. Fees are high and scholarships few and inadequate, and not many students are self-supporting. The regime has failed, at least at the higher levels, to fulfil its promise to equalize educational opportunities. The requirements of two years of military service and a half-year in labor camp defer or eliminate a college education for many. Furthermore, reduced enrolments at the college age between 1933 and 1939 resulted from the decline in birthrates from 1914 to 1918. Moreover the disrepute of the intellectual under the Nazi regime and the enlisting of manpower and talent in activities which require little academic preparation have not created a situation favorable to increased college enrolments.

*Coordination of the Faculties.* A purge of the faculties of the higher institutions was inevitable in view of the attitude of the Nazis toward learning. They were hostile to the whole world of im-

<sup>3</sup> W. M. Kotschnig, *Unemployment in the Learned Professions* (London, 1937), pp. 206-207. *Deutsches Hochschulverzeichnis* (Berlin, 1935-38). William Ebenstein, *The Nazi State* (New York, 1943), p. 165.

partial and objective scholarship. The Nazi tendency to see in diversity of opinion disloyalty to the regime meant that any exponent of views considered unorthodox by the canon of National Socialist dogma was in danger. Although the Jews represented only about one percent of the population, members of that race occupied 12 percent of the university professorships. Any instructor tainted with Marxist or pacifist ideas was suspected. Warning was given that academic freedom was not to be used as a cloak for an aloofness or detachment (*Ungebundenheit*) which ignored the well-being of the National Socialist community.

Under the Civil Service Law of April 7, 1933, members of the teaching staffs of the universities and other collegiate institutions might be summarily removed for "non-Aryan" origin, unsatisfactory political records or views, membership in "subversive" organizations, or on grounds of administrative necessity. By May 4, according to reports in the German press, about 200 teachers had been dismissed, mostly because of their Jewish origin or liberal views.<sup>4</sup> This number included former ministers of state, world-famous scientists, historians, jurists, and two Nobel prize-winners. A year later, according to an estimate of the *London Times* (Apr. 18, 1934), 800 college and university teachers had been dismissed because of their Jewish blood. Other techniques than outright dismissal were frequently used, such as transfer to a smaller institution, denial of the right to teach certain lucrative courses (many German instructors are largely dependent financially upon course fees), or demotion and loss of status.

It is difficult to obtain reliable data on personnel changes in the German universities, but fairly trustworthy statistics are available to 1939. Hartshorne estimates that of a total teaching staff of 7,979 in all higher institutions in 1932-33, 1,145 had been dismissed by 1935. This figure does not include normal retirements or deaths.<sup>5</sup> Thus in two years about 14 percent of the staff had been dismissed on racial or political grounds. The

percentage of loss ranged from as high as 32.4 at Berlin to only 1.6 at Göttingen. As a rule the metropolitan universities suffered most severely. It is estimated that by 1936 over 21 percent of the faculty personnel had been eliminated for racial or political reasons; by 1939, according to official German statement, 45 percent of the teaching staff of all higher schools had been replaced either on political grounds or because of retirement.<sup>6</sup> Of this number probably two thirds represent arbitrary dismissals. Thus on the eve of the war approximately 2,300 scholars (about 30 percent of the pre-Nazi total) had been ousted, and almost one half of the teaching personnel had been replaced. Presumably by that time the others had given evidence of their loyalty to the regime—whether from conviction or from motives of expediency it is impossible to assert.

The position of the college or university teacher in Germany has become one of complete subordination to the regime. Incessant pressure is put upon him to participate in party functions (which, incidentally, monopolize much of the time and energy of his students), to subscribe for the official journals, to lecture at Land-Year camps and SA gatherings, to favor students who miss work because of party activity, and to refrain from making complaints except through official channels. He may be disciplined in innumerable and vexatious ways. His lectures may be canceled if they conflict with party functions. He may not travel abroad without official permission. His favorite seminar may be abolished. He may be transferred as a disciplinary measure. If he is retired his utterances are still to be officially approved. He may be excluded from important examining committees. Boycotts of his lectures may be engineered by the Nazi student organization. He may be attacked by party organs. His post may be placed in jeopardy by charges made by colleagues, students, and even menials. His courses may be "doctored" or their contents prescribed. In short, his position, security, and livelihood are completely dependent upon the zeal he displays in cooperating with the powers that now dominate the administration of the universities.

*Curricular Tendencies.* The curriculum in German colleges and universities has been modified mainly in two directions—greater stress on *Rassenkunde* (race science) and on *Wehrwissenschaft* (science of war). New chairs have been established in such fields as peasant lore, race science,

<sup>4</sup> *Manchester Guardian*, May 13, 1933.

<sup>5</sup> Edward Y. Hartshorne, *The German Universities and National Socialism* (Cambridge, 1937), pp. 87-95; "German Universities and the Government", *Annals of the American Academy of Political and Social Science*, Nov. 1938.

<sup>6</sup> Statement of Professor Menzel, leader of the Office of Science in the Reich Ministry of Education, in *Frankfurter Zeitung*, May 31, 1939.



defense physics, and folk problems. All subjects are to be presented from the Nazi viewpoint; old courses are adapted to this end and all knowledge that is "useless" or *volksfremde* is to be eliminated. The autonomy of the universities with respect to determination of courses has been superseded by the formulation by the central Ministry of identical study plans in the various professional fields. These plans blend practical and ideological considerations. For instance, the state study plan for economics prescribes courses on German economic life, folklore, people and race, people and state, Germans abroad, injustice of the Versailles Treaty, the folk-community, and defense economics. Extreme political orientation tends to undermine speculative science. Rearmament has tended to reinvigorate the study of science along practical lines; the great theoretical innovators are viewed with distrust, although some of them (Planck, Heisenberg) have been retained in service. The social studies and the humanities are completely dominated by race science, in which subject the University of Berlin alone offers 30 seminars. Nazi mathematicians have founded a new journal, *Deutsche Mathematik*, to deal with their subject along racial lines. The party has financed at Frankfurt an Institute for the Investigation of the Jewish Question, designed as the first division of a Nazi high academy as a center of scientific study from the point of view of race. It is significant that the number of users of 18 leading university libraries dropped from 37,000 in 1932 to 16,000 in 1937; the average daily attendance dropped from 3,357 to 1,169. Books play a decreasingly important role in Nazi education. Virtually every course has been conscripted for war. A host of new subjects whose names contain the prefix "*Wehr*" have appeared, and "war philosophy" is the culminating science in the Nazi educational pattern. All doctoral dissertations, by decree of November 9, 1939, must be submitted to the Party Examining Committee for the Protection of National Socialist Literature for the elimination of any taint of "politico-ideological" heresy.

National Socialist policy toward higher learning did achieve a number of beneficial results. Admission was more effectively controlled so as to forestall professional unemployment; there was a gain in unity of goal and purpose; and the universities were more closely integrated with society and

state. These gains were far more than offset by the complete loss of academic freedom, the wholesale exodus of eminent scholars from the Reich, the perversion of science to racial and political ends, and the increasing isolation of German intellectual life from that of the rest of the world. Germany had seceded from the republic of learning. Thus there were immediate though dubious gains for the nation but far more significant losses to science and universal scholarship.

#### EXTRACURRICULAR EDUCATION OF THE NATION

##### *The Hitler Youth*

The Nazi totalitarian ideal as applied in the field of education does not stop with the schools but envisages the utilization of every social grouping and thought-molding agency to achieve its ends. It has been noted that both prior to and after the first World War the youth movement in Germany was becoming a significant educational force. National Socialism, itself essentially a movement of youth, immediately enlisted the youth organizations in its national enterprise, and through them it has endeavored to influence the social, recreational, and political life of youth outside the school. The *Hitler-Jugend* and the *Bund Deutscher Mädel* were established, open to boys from 10 to 18 and girls from 10 to 21. By 1936 all other sectarian and political youth organizations were dissolved and the entire youth of the Reich was brought within the Nazi orders. A smaller and more select group constituted a "Stock Hitler Youth" who were prepared especially for party activity and membership. The entire organization was unified in a rigid hierarchy under the control of a Reich youth leader. The organization is similar to that of the army, embracing as many as 14 levels or ranks and integrated by the leader principle.

The educational function of the youth organizations has been to supplement academic schooling by a broadly conceived program of physical and recreational training directed toward war activity and by political and cultural indoctrination. After-school hours and Saturdays are used for these purposes. The fundamental objective is the creation of attitudes—blind obedience to the regime, devotion to the leader principle, community consciousness, and war-mindedness. The youth hostels are extensively used for journeys intended to arouse a feeling of loyalty to the

unified fatherland. A love of Spartan living and a sense of comradeship are inculcated. Hitler has declared: "I want the German boy to be weatherproof, quick as a greyhound, tough as leather, hard as Krupp steel. We must educate a new species of man, lest our people succumb to the degenerative tendencies of the age."<sup>7</sup> The official youth organ of the Reich, *Wille und Macht*, has in recent issues included articles on the following significant topics: Sport and Politics, The German Infantry, France as Aggressor, National Socialist War Economy, Germans in the East, Our Living Space in Europe, A New Historical Consciousness, A Journey to the Front, Southeastern Europe and the German Spirit. The organization has continually extended its scope so as to embrace the whole field of interest and activity of each German youth. Its primary function is to train the prospective members of the party and to prepare a generation for active and whole-hearted participation in the new society, which since 1936 has meant a society geared to total war.

The failure of many of the nominal members of the youth organization to take an active part resulted in executive orders (Mar. 25, 1939) providing for the compulsory service of all youth from 10 to 18. General organization activities and also special duties relating to the war are required. For neglect to observe the law severe penalties, including imprisonment up to a period of three months, are imposed. There is evidence that violations are rather frequent. The attitude of youth, as well as the apparent resentment of many parents, indicates a significant growth of opposition to the government's attempt to regiment the younger generation completely in the service of the state.

#### *Training for Leadership*

The chief responsibility for instilling political consciousness into the nation and for qualifying a selected elite for leadership is delegated to the party. It is an all-embracing educational organization, utilizing a great variety of techniques, such as mass meetings, parades, evening classes, sports, uniforms, and symbols, to mold the citizenry through vital experiences. Its innumerable branches and affiliated organizations com-

prehend or affect virtually the entire population. The skill of its leaders has been highly developed in the art of "educating" the masses through crowd manipulation and appeals to group sentiment, as in the great assemblages at the Reich sport stadium or the *Sportspalast* at Berlin or, before the war, at the "Party day" at Nuremberg.

Three types of schools for the development of future leaders have been set up under the exclusive control of the party:

1. *The Adolf Hitler Schools.* These schools, established in 1937, are 10 in number and are designed to train selected boys from 12 to 18 who are recruited from the ranks of the Hitler Youth. Scholastic background is unimportant; leadership traits are considered the prime essential. Successful graduation is the key to entrance to a university or professional school or to posts in the army or state or party bureaucracy. "Political orientation" is the essence of the course which centers around biological, racial, and "folkish" science. World affairs are presented from the party standpoint. The instructors are specially trained party leaders who are devoid of any academic background or experience. Only a few hundred boys are admitted to these schools each year.

2. *The National Political Institutes of Education.* These are Nazified versions of the old Prussian cadet schools. They are 31 in number and concentrate on preparation of leaders in the armed formations of the party, Storm Troopers and Elite Guards, or in the Labor Service camps. Their program, according to *Das Reich*, April 27, 1941, "is essentially centered around struggle and competition. Combat is the organ of selection in peace and war is the primary instrument of education in these institutions." The curriculum emphasizes physical training supplemented by Nazi indoctrination. Entrance is based on the results of rigorous selective tests, and the unfit are rapidly weeded out. The term is eight years, after which time graduates may enter a university, the state police, or posts in the armed formations of the party. A large number of these institutes, some of which have operated since 1933, have been added since the outbreak of war in 1939.

3. *The Order Castles (Ordensburg).* Four of these have been set up for the purpose of de-

<sup>7</sup> Address to Hitler Youth at Nuremberg, Sept. 1935.

veloping a super-elite from the most select graduates of the other leadership schools. Admission must be preceded by two years of military service, one year of labor service, and one to three years of activity in youth and party organizations. Students concentrate first on racial and ideological "science", second on physical training, and finally on political education accompanied by the development of physical and military skills. The culminating year at Marienburg in East Prussia emphasizes the medieval conquest of the East by the Teutonic Knights and the predestined right of the master race to living space in the East at the expense of the native Slavic population.

In all these leadership schools the aim is not so much to educate as to develop a type and to train and condition youth for a specific task. Books and classroom methods play little part in the process. The totality of environment and experience is carefully adapted to the ends in view. It is too early to judge the results of such training. "Leaders" produced by these schools might function effectively within the Nazi scheme, but they would probably be lacking in initiative and in flexibility of mind if confronted by new and unfamiliar situations.

#### *The Labor Service*

By law of June 26, 1935 labor service, previously introduced under the Republic, was made compulsory for all males. More recently this requirement has been extended to women as well. A six-month period of work is required, generally in a rural camp or (for women) in the homes of peasants. There were 1,300 labor camps in 1938. The educational objective of the service is "to inculcate in the German youth a community spirit and a true concept of the dignity of work". It is, in a sense, a "back to the land" movement, similar in purpose to the Land Year. Love of nature and *Heimat*, physical development, character values, and a sense of patriotic collaboration in the service of the state are among the desired ends. It is an experiment in total education, forming youth to a specific bearing (*Haltung*) which combines the qualities of worker, peasant, and soldier. It is democratic in that no classes are exempt, but it is highly anti-individualistic in that free personality is suppressed. Here as everywhere under National Socialism every effort is made to inculcate in the German youth a sense of the solidarity of all Germans

(*Volksgenossen*) and to indoctrinate them in the tenets of the Nazi *Weltanschauung*.<sup>8</sup>

#### *"Strength Through Joy"*

The adult masses of Germany are regimented largely in the Labor Front, whose "Strength Through Joy" division superintends their leisure-time activities. Although mainly devoted to social and recreational interests, this organization has developed a comprehensive scheme of adult education. It conducts study courses of a vocational or cultural character and in many ways seeks to cultivate the interest and even active participation of the working people in drama, music, and the arts. Under its egis the German people with their bent for association have formed innumerable leagues and clubs devoted to various hobbies. Of most immediate educational significance is the taking-over of the People's Colleges, established under the Republic, which have been converted into propaganda units of the party. Conducted primarily as evening schools, they serve the purpose of indoctrinating in racial and "folkish" precepts the great number of adults who have not had the advantages of advanced schooling. Like all other institutions at the higher level they have been largely "politicalized" and have become ideological supports of the regime.

#### *The Propaganda Ministry*

The Nazi system for shaping the mass mind is an integral and vital part of the regime. The Ministry for Propaganda and Public Enlightenment, established in 1933, has carried into effect the ideas of Hitler and of its chief, Herr Goebbels, regarding the "enlightenment" of the German people.<sup>9</sup> These men deemed it essential that a revolutionary regime win over and mobilize for action the powerful force of public opinion. The Nazis have astutely realized that the present era is one of mass organization and force in the psychological and political as well as the economic fields. Propaganda to them is essentially psychological

<sup>8</sup> Wolfgang Schlebe, *Aufgabe und Aufbau des Reichsarbeitsdienstes* (Leipzig, 1938), pp. 19-26. C. W. Guillebaud, *The Social Policy of Nazi Germany* (Cambridge, 1941), pp. 65-68.

<sup>9</sup> Hans Herma, "Goebbels' Conception of Propaganda", *Social Research*, May 1943, pp. 200-218. Wilhelm Höper, *Adolf Hitler, der Erzieher der Deutschen* (Breslau, 1934), pt. 1, pp. 85-87. Ebenstein, *op. cit.*, pp. 108-25. Hartshorne, *op. cit.*, pp. 28-35.



warfare. "Enlightenment" informs the masses by attacking and undermining erroneous beliefs and by supplanting them with passionately held convictions. Propaganda disseminates doctrine, wins new adherents, and converges upon a program of action. The Nazis have had considerable success in gaging the German mentality, its traditional attitudes and its emotional values.

The depressed, almost neurotic state of the German mind of the early thirties made easy the task of eliciting and manipulating emotional responses through the media of stereotypes and symbols. The goals have been to convert, to clarify insight, to strengthen community feeling, to spur the will, and to inflame to action.

The new Ministry was set up, in the words of Goebbels, "to serve the purpose of building the intellectual-spiritual foundation of our power and of capturing not only the apparatus of the state but the people as a whole". Although Hitler has expressed contempt for the intelligence of the masses and has openly advocated deliberate falsification of fact, Goebbels' concept is more subtle. He believes that truth, for the vast majority, rests upon the manner in which objective reality is presented to their minds. Hence propaganda must create a picture sufficiently distorted to suit the needs of policy but near enough to reality so that it may be later corroborated by events and thus verified. This kind of presentation requires adroit manipulation of facts and skilled management of attitudes and ideas. Propaganda must achieve "a ruthless and fanatically one-sided orientation". Objectivity weakens the will to action; all incompatible points of view other than the one relevant to a predetermined policy must be precluded. The educational objectives of Goebbels' policy, since they characterize all Nazi education to some degree, are worth stating. They are to achieve emotional involvement; the elimination of alternative choices other than the one offered; the exclusion of "frames of reference" other than the folk-community; the imposition of an egocentric conception of reality; the scientific building-up of the "psyche" of the people; the inhibition of the use of autonomous reason; and the substitution of action for thinking.

The Ministry has comprehensive jurisdiction over all opinion-forming agencies of the Reich except the schools. A Culture Chamber provides separate yet integrated units for the press, film, radio, theater, art, music, and literature. Within

these divisions are regimented all acceptable artists, writers, and practitioners of culture of the Reich, and only these are authorized to engage in their respective professions. In addition every activity or function calculated to influence the popular mind in any way is placed within the scope of the Ministry, which is made "competent to deal with all measures for mental influence upon the nation, the publicity for state, culture and business, the instruction of the public within and outside the nation concerning the above, and the administration of all devices that serve these purposes". In all matters the Minister has absolute administrative, legislative, and judicial authority.

In short, the Propaganda Ministry becomes a "national witch-doctor", relieving the populace of enervating worry about insoluble questions and organizing the collective will for the common task. It acts upon the maxim "what cannot be coordinated must be eliminated". Its success has blighted creative thought and cultural activity—in Germany, especially, always fertilized by foreign contact—and has powerfully reenforced the introvert tendencies of German thinking. But it has achieved its primary purpose by consolidating the national will in support of the political objectives of the Nazi regime.

### Evaluation

The changes effected in the German educational system by the National Socialist regime represent an attempt on the part of a revolutionary group to achieve total control over the national mind in the interests of the "folkish state" and its military objectives. Perhaps never has there been a more conspicuous instance of the neglect of values intrinsic to true education and of the subordination of schooling to ulterior objectives.

Nazi policy even prior to the war was rapidly depleting the ranks of the teaching profession. By 1939 the German press was reporting 3,000 vacant teaching posts in Prussia alone; the universities and training schools were preparing only 2,500 candidates a year for 8,000 posts to be filled annually. Nazi anti-intellectualism has brought the scholarly professions into disrepute, and the coordination of schools, universities, and all cultural agencies has had a devastating effect upon creative cultural activity. Many of Germany's most eminent scholars, writers, and artists have emigrated,

voluntarily or by compulsion, while those that remained have been hedged about with restrictions which, with a few rare exceptions, have permitted little freedom of action.

The war has had a destructive effect upon the schools. It has meant shorter hours and lowered standards. Thousands of children receive only part-time schooling. War work occupies much of the time even of younger children. More than ever education has been militarized. More recently the bombing of German cities has seriously interfered with the maintenance of schooling in some areas. The shortage of textbooks is universally felt. The supply of qualified teachers is totally inadequate—many are now teaching who lack proper credentials, and subjects are often dropped for lack of competent personnel. So few were the candidates for teacher training that in 1941 the newly established *Hochschulen für Lehrerbildung* were supplanted by *Lehrerbildungsanstalten*, which dropped all pretense of university standards and provided for a five-year course beyond the eight years of the elementary- and middle-school period. These would provide a minimum of special and professional training, highly "politicalized" and with little attention to general or cultural background. The work of the schools at all levels as well as the extracurricular training of youth is more than ever influenced by the national emergency and is subordinated to the war effort.

The universities, most of which were closed at the outbreak of war, have reopened and, according to recent reports of the German press, in 1943 enrolled 80,000 students, a substantial increase over 1939. However, many of these are members of the armed forces on special furlough. Few students are able to devote full time to academic pursuits. The student disorders at the University of Munich in February 1943, in which three leaders were arrested, tried on charges of "giving comfort to the enemy", and guillotined, seem to indicate a spirit of revolt among the younger generation and a sense of disillusionment with Nazi war objectives. The force of this sentiment is difficult to gauge with accuracy at this time, but there are indications that it is wide-spread.

The balance-sheet of Nazi education may be briefly presented, with the qualification that all points are definitely controversial.<sup>10</sup> To its credit are the following: More adequate emphasis on

physical training and skills and upon the role of labor in the educational process; an attempt to root education in the folk-life of the nation; a somewhat greater degree of educational opportunity for talented youth regardless of social status; training of will and character and channelizing of individual energies into community service; systematic selection and training for leadership; and the expansion of adult education, especially through party and Labor Front organizations.

To its discredit stand the following: Denial of free inquiry; complete indoctrination and "thought control"; neglect of cultural and intellectual values; deliberate misinformation through the distorted teaching of history, science, and racial concepts; inculcation of false or unethical ideals; undue subordination of all instruction to the objectives of total war; and insulation of the German mind against all foreign and cosmopolitan influences.

Nazi educational reform has undoubtedly achieved a certain spectacular if temporary success in attaining the goals set for itself. This success has been due in part to the crisis in German life and thought which marked the inter-war period and to the failure of a liberal-democratic leadership to emerge capable of inspiring and mobilizing German spiritual energy in the task of national rehabilitation. It has been due even more to the acumen of Nazi leaders in fashioning a system well adapted not only to the crisis but also to ingrained German cultural traits and ways of thinking. It is open to serious question, however, whether such a system can, or could, even under more favorable circumstances, withstand the test of time. Its more creditable features are not original and were embodied to some degree in the Weimar school system. Its more aggressive traits are obviously the corollary of crisis government and adapted only to an emergency situation. Its ethnocentric excesses and its repudiation of universal values of time-tested validity may well result in its speedy collapse, once the special circumstances that engendered this latest German revolt against the ethos of the West no longer exist.

<sup>10</sup> Based in part on a memorandum, "Postwar Educational Reconstruction in Germany", by B. Q. Morgan and associates in the department of German, Stanford University.

## Retirement of Homer M. Byington From the Foreign Service

Remarks by THE ACTING SECRETARY OF STATE<sup>1</sup>

[Released to the press November 2]

Mr. Byington and my colleagues in the Department and in the Foreign Service:

It is a great honor this afternoon to share in this tribute to Mr. Homer M. Byington. From every aspect he heads the Foreign Service List. His lifetime reflects the highest ideals of our Foreign Service: advancement by merit; assignments faithfully discharged to the lasting credit of the United States at posts throughout the world; a full share in guidance to the Service; a lifetime of devotion to duty. You must always be proud, Mr. Byington, of your decision in 1897 to join the Service.

The best possible recognition of your contributions of forty-seven years to the Service would be an assurance for the future, an assurance that plans are under way to meet the ever-increasing responsibilities of the Foreign Service, that they are such as to add further strength to the organization you in such great measure have helped to build.

During the coming years, our Government's representation abroad must be equipped to meet tremendous assignments ahead. It must be vigorous, intelligent, and manned for the task. This responsibility has not been overlooked. As a former Chief of Foreign Service Personnel, I know that you must have given this problem the most careful consideration. I have myself given the matter much attention and consideration. Study has been devoted to requirements and ways and means of improving the Foreign Service. A program is coming into focus based on our experience in meeting the demands of war, a program attuned to new international responsibilities of peace.

There can be little disagreement on the main problems of our Foreign Service.

We need more men. I am confident that when the problem is put frankly before the Congress the necessary funds will be appropriated to the De-

partment to carry through speedily a successful recruitment program. We shall draw extensively upon the fighting men who are now in our military forces. They deserve heavy representation in the Department that will maintain the peace.

We need some mature men, particularly for specialized Service jobs. For this purpose we should perfect an orderly scheme of drawing talent from the Federal Government for temporary assignments in today's complex foreign relations.

We need talent from civil life. Just as the Army and Navy drew upon reserve officers in the hour of crisis, we in the Foreign Service may need a reserve corps wherein prestige will help to enlist ability.

We must increase the interchange of personnel between the Foreign Service and the Department. Such an interchange, extended to all branches of the Department and the Foreign Service, will enhance mutual understanding of our common responsibilities.

In all this we must safeguard the career principle. On the basis of your intimate and mature knowledge of the Foreign Service and its problems, I know you will agree with me that our tested organization must be the nucleus of expansion. Morale will be fortified and recruitment facilitated by speeding up the machinery for promotions, by better evaluation and recognition of work well done, by making top diplomatic posts available to men without private means, by opening assignments of responsibility to men of ability while they are still young.

We must continue to improve operating conditions overseas. This means better offices and better equipment. It means realistic living allowances. We should never require men to choose between skimping on the responsibilities of their assignments or neglecting their personal and family requirements.

Out of the fullness of your experience, Mr. Byington, I know that you fully appreciate the necessity for these improvements and that you will welcome the efforts being made to bring about

<sup>1</sup> Delivered at a reception given by the Foreign Service Association in honor of Consul General Homer M. Byington on the occasion of his retirement after 47 years in the Foreign Service.



these improvements. In your case, your Government has demanded your talents and devotion for a lifetime. These you have given in full measure. In addition, you and your wife have given one son to the Foreign Service, a young man whom I see every day and in whom I have great confidence; another to American civil aviation abroad; another to the Naval Academy; one daughter honored by a doctor's degree in her teaching of languages; two daughters who are mothers of families, one of whom awaits her husband's return from the Pacific theater of war.

It is my great privilege now, in behalf of my associates in the Department and in the Foreign Service, to hand you three gifts in commemoration of your outstanding contribution to the Service. They are evidence of our profound esteem—a silver tray engraved with the affection and admiration of your colleagues and friends in the Department; these goblets for a toast to your health and continued happiness; this testimonial of our respect and good wishes always to you and Mrs. Byington.

## Birthday of Generalissimo Chiang Kai-shek

[Released to the press November 3]

President Roosevelt has sent the following telegram to His Excellency Generalissimo Chiang Kai-shek, President of the National Government of the Republic of China, on the occasion of the Generalissimo's birthday:

OCTOBER 31, 1944

It gives me great pleasure to extend, on this the anniversary of your birthday, my warm good wishes to you for your health and for the well-being of the people of China.

FRANKLIN D. ROOSEVELT

## Anniversary of the Independence of Panama

[Released to the press November 3]

President Roosevelt has sent the following telegram to His Excellency Ricardo Adolfo de la Guardia, President of the Republic of Panama, on the occasion of the anniversary of the independence of Panama:

NOVEMBER 3, 1944.

It gives me great pleasure upon this national anniversary of Panama to join with the people of the United States in sending to you and to the people of Panama congratulations and best wishes.

I take this opportunity to express my confidence that the success which has attended the cooperative efforts of our two countries in the cause of the United Nations will continue to our mutual benefit in the difficult times which lie ahead.

FRANKLIN D. ROOSEVELT

## THE FOREIGN SERVICE

### Diplomatic and Consular Offices

The American Embassy at Athens, Greece, was reestablished as a combined office on October 27, 1944.

The American Consulate at Gibraltar was reopened to the public on November 1, 1944.

## PUBLICATIONS

### DEPARTMENT OF STATE

**Jurisdiction Over Prizes: Agreement between the United States of America and Canada, and Proclamation—Agreement effected by exchange of notes signed at Washington May 24 and August 13, 1943. Executive Agreement Series 394. Publication 2196. 9 pp. 5¢.**

**Jurisdiction Over Prizes: Agreement between the United States of America and the United Kingdom of Great Britain and Northern Ireland, and Proclamation—Agreement effected by exchange of notes signed at London October 1 and November 3, 1942. Executive Agreement Series 393. Publication 2199. 7 pp. 5¢.**

### OTHER GOVERNMENT AGENCIES

The articles listed below will be found in the November 4 issue of the Department of Commerce publication entitled *Foreign Commerce Weekly*, copies of which may be obtained from the Superintendent of Documents, Government Printing Office, for 10 cents each:

"Swedish Industries' Trends in War-time", based on a report by Harold Carlson, vice consul, American Legation, Stockholm.

"Sweden Needs Fishnets and Finds Supply Scarce", based on a report by Harold Carlson, vice consul, American Legation, Stockholm, and Margaret Wambsganss, Bureau of Foreign and Domestic Commerce, Department of Commerce.

## TREATY INFORMATION

### Customs Union, Belgium, Luxembourg, and the Netherlands

The American Embassy near the Belgian Government at London transmitted to the Department, with a despatch of September 12, 1944, a copy of the text of a convention between Belgium, Luxembourg, and the Netherlands relating to a customs union, signed at London on September 5, 1944. The convention provides that it shall come into force eight days after the exchange of ratifications and that, pending the exchange of ratifications, the convention shall come into effect provisionally as soon as the Belgian and Netherlands Governments are reinstated in their territories.

### Commercial "Modus Vivendi", Venezuela and Brazil

The American Embassy at Caracas transmitted to the Department, with a despatch of October 2, 1944, a copy of an exchange of notes signed at Caracas on September 27, 1944, effecting a further renewal for one year from September 27, 1944 of the commercial *modus vivendi* between Venezuela and Brazil concluded on June 11, 1940. The notes of September 27, 1944 are published in the Venezuelan *Gaceta Oficial* No. 21,522 of September 28, 1944.

## THE DEPARTMENT

### Appointment of Officers

James H. Wright as Chief of the Division of North and West Coast Affairs, effective October 16, 1944. Mr. Wright will continue as Assistant to the Director of the Office of American Republic Affairs.

#### PAN AMERICAN UNION—Continued from page 550

that goal. His faith owes much to his association with his colleagues on this Board and to the warm friendships he has enjoyed with other statesmen of your countries. The record of Pan American relations, in which the members of this Board have played so important a part, has demonstrated that even the gravest problems which nations must face in the changing current of world affairs can be solved if intelligent thought is applied in a spirit of honesty, mutual respect, and good-will. That fact is of the greatest significance to the world today.

Gentlemen, I thank you again for the honor you have bestowed upon my Government and our Secretary of State. It is an honor received with a deep sense of the responsibility involved but with a profound confidence that our cooperative effort will lead us to ever greater achievements.